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ABSTRACT

The Task Force on Student Financial Aid was formed to recommend ways in which Massachusetts' student aid programs might be modified in light of nationwide trends of rising college costs, reduced availability of federal student assistance, and a decline in the ability of many families to pay for college. The first chapter of the task force report, "Higher Education and Student Aid in Massachusetts," discusses providing a quality education in the public sector, preserving a strong pluralistic system, reducing economic barriers to access and choice, and the shared responsibility for financing higher education. The second chapter discusses the following issues and presents the task force's recommendations on each: expanding opportunities for underserved populations; providing the necessary support services and information; linking costs, tuition and financial aid; encouraging early saving for college; addressing labor force needs; and improving program effectiveness and efficiency. The charge to the task force, current state student aid programs, and pending student aid legislation are discussed in appendices. The recommendations of Chancellor Franklyn G. Jenifer to the Board of Regents of Higher Education regarding the report are also provided. (KM)

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REPORT OF THE TASK FORCE ON STUDENT FINANCIAL AID

Expanding Opportunities for Higher Education in the Commonwealth: Quality, Access and Choice

The Commonwealth of Massachusetts

HE 021 463

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REPORT OF THE TASK FORCE ON STUDENT FINANCIAL AID

"Expanding Opportunities to Higher Education for the Commonwealth: Quality, Access, and Choice"

January, 1988

EXPANDING OPPORTUNITIES FOR HIGHER EDUCATION IN THE COMMONWEALTH: QUALITY, ACCESS, AND CHOICE

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PREFACE

The Task Force on Student Financial Aid was established by the Board of Regents in January 1987, to examine whether the current set of state student aid programs are adequately serving the postsecondary educational needs of all Massachusetts residents. In March, 1987, Chancellor Franklyn G. Jenifer delivered the charge to the Task Force and requested that the group develop a set of policy recommendations for the Board of Regents' consideration on how the current student aid structure might be improved.

The primary aim of the Task Force has been to suggest ways in which the state student aid programs might be modified in light of nationwide trends of rising college costs of attendance, reduced availability of federal student assistance, and a decline in the ability of many families to pay for college.

Over the past several years, state support of student financial aid in Massachusetts has increased dramatically, from $19 million in Fiscal 1983 to $84 million in Fiscal 1988. The number of student aid programs has also grown, so that today the Board of Regents is responsible for administering 16 separate and distinct programs. As the number of programs and the appropriations to fund them have increased, it has become increasingly important that an overall strategy and policy for student aid be established.

The Task Force has examined the current set of student aid programs to determine ways to ensure that funding for student aid is targeted appropriately and responsibly both now and in the future. The development of a comprehensive student aid policy framework within which to assess the efficacy of existing programs and to evaluate the need for future programs served as a central goal in the deliberations of the Task Force.

This report recommends the steps to be taken in the state student assistance programs over the next five years to move toward the goal of greater access and choice. The Task Force stresses that this report does not represent a "wish list" for student aid. Rather, it contains a set of recommendations aimed at increasing participation in postsecondary education within the framework of existing and foreseeable state budgetary conditions and constraints.

During the 1987 legislative session, over thirty pieces of legislation were introduced in the House or Senate proposing new student aid programs ranging from tuition subsidies to loan forgiveness. As a sign of their commitment to a policy approach for student aid, the Joint Committee on Education in March, 1987, referred to the Board of Regents all pending legislation relating to the establishment of new financial aid programs and modification of existing programs. (See Appendix C for a summary of the proposed bills.) The Task Force has attempted in this report to provide a framework for the consideration of student aid programs that it hopes will help in the evaluation of these legislative proposals.

The role of the Task Force was expanded when Governor Michael S. Dukakis asked the Board of Regents to review what could be done to help families prepare financially for meeting their children's college costs. In response to the Governor's request, a subcommittee of the Task Force was appointed to examine the state's possible role in encouraging parents to save more for their children's education, including the establishment of a tuition prepayment plan. The subcommittee circulated a draft report in July, 1987, and submitted a final report for the Governor's consideration in October, 1987.

The reader will note that this report on student financial aid does not directly address the issue of student loans in Massachusetts, which are administered by agencies other than the Board of Regents. Many of the recommendations in the report, however, would have the positive effect of reducing the need to borrow for many of the students who may have the least ability to repay their loans.

The Task Force consisted of 25 members, including public and independent college and university presidents, business and community leaders, members of the legislature and executive branch, and financial aid policy experts. State student financial aid administrators, national policy specialists, and students were consulted at various points in the Task Force discussions.

Valuable guidance and financial support for Task Force activities were provided by the Massachusetts Higher Education Assistance Corporation, The Education Resources Institute, the New England Education Loan Marketing Corporation, and the Massachusetts Education Loan Authority. The Task Force is grateful for this support and advice.

The Task Force also wishes to acknowledge the contributions of the many individuals who assisted in the preparation of this report. Arthur Hauptman, a consultant, drafted much of the report for the Task Force's consideration. Michael Noetzel, Elizabeth Fontaine, Janet Robinson, Andre Mayer, Trich Kruza, Julie Walsh, Lewis Dars, Linda Peterson, Ken Maurer, and Cathy Kelley of the Board of Regents' staff all contributed importantly to the process.

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* The former AICUM representative on this Task Force was Frank A. Tredinnick.

** Also served as a member of the Committee of Tuition Prepayments.

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CHAPTER I: HIGHER EDUCATION AND STUDENT AID IN MASSACHUSETTS

Massachusetts reaps tremendous economic and social benefits from the more than 120 public and independent colleges and universities located within the Commonwealth. The state's recent economic success can be traced in large measure to its distinctive knowledge base and its historic investment in the transmittal and advancement of knowledge. Higher education is a primary vehicle for extending opportunities for economic advancement to residents of the Commonwealth, which in turn benefits from having a better educated citizenry. For Massachusetts to continue its prosperity, the direct relationship between higher education and enhanced economic and social well-being must be recognized in the development of state policies.

The State's Role in Higher Education

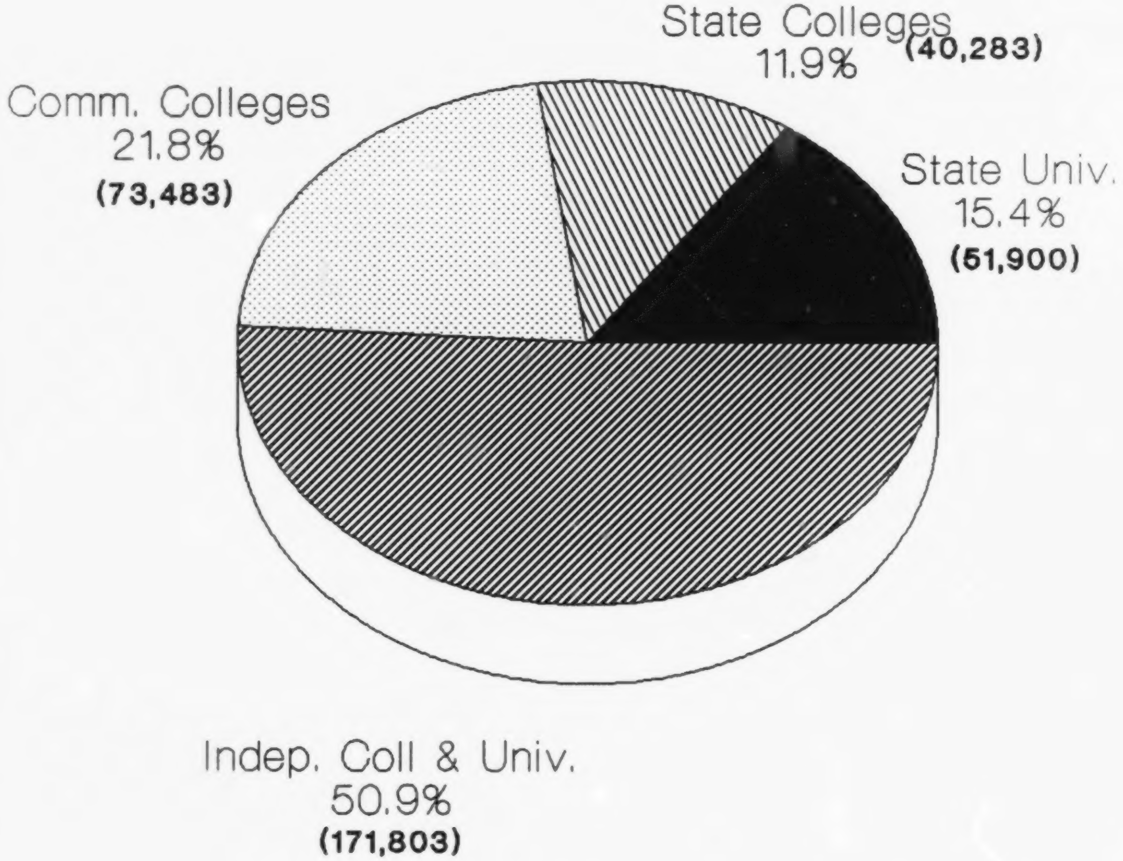
Higher education in Massachusetts is distinctive in its history, its diversity, and its excellence. The Commonwealth boasts the oldest university in the country. Massachusetts students have an opportunity to attend an enormous range of institutions that includes major research universities, baccalaureate colleges, community colleges, and vocational programs. Many of the colleges and universities within the state -- both public and independent -- are regarded as national leaders in their respective fields. A number are internationally renowned.

In 1986, over 420,000 students were enrolled in Massachusetts colleges and universities. Over ninety Massachusetts colleges and universities (three quarters of all institutions located in the Commonwealth) are privately controlled and enroll more than one-half of all students. The public system of higher education enrolls some 180,000 full- and part-time students on its 29 campuses across the state. Community colleges enroll more than one-fifth of all students, public universities account for about one-sixth of enrollments, and the state colleges represent about one-eighth of enrollments (see Chart 1). An estimated two-thirds of entering students in Massachusetts colleges and universities are state residents.

Support of higher education requires a substantial financial commitment from the state. Massachusetts in Fiscal 1988 appropriated more than $800 million for activities and services related to higher education. In a recent comparison to other states, Massachusetts support of higher education ranks 24th on a per capita basis and 9th on a per student basis. Massachusetts expenditures for higher education rank above the national average on a per student basis and roughly at the national average when measured on a per capita basis. The major reason for the difference between the two rankings is the large proportion of students enrolled in the independent sector, which tends to reduce the statistics on state funds expended per capita.

CHART 1

Undergraduate Enrollments in Massachusetts, 1986 by Type of Institution



Source: Board of Regents

The state has three principal responsibilities in supporting higher education: to provide a high quality education in the public sector; to preserve a strong pluralistic system of higher education; and to reduce economic barriers to access and choice through programs of student financial assistance.

Providing a Quality Education in the Public Sector

Most of Massachusetts spending for higher education is for the operating support of public colleges and universities within the state, as is the case with all state budgets for higher education. In Fiscal 1988, Massachusetts will spend approximately $600 million directly on the operations of public institutions. Public colleges and universities serve as the primary means for Massachusetts residents to gain access to a higher education; over 90 percent of the students who enroll in these institutions are in-state residents.

State funding supports a wide diversity of institutions. The university system with its five university campuses across the state is growing in enrollments and reputation. Its aim remains excellence in undergraduate and graduate education, research, and public service. The nine state colleges share a commitment to quality instruction, but vary in their emphasis on major field of study and specialization. The 15 institutions in the community college system combine commitment to open access through low tuitions with a broad range of program offerings in both academic and career fields.

Preserving a Strong Pluralistic System

Diversity in higher education distinguishes Massachusetts from many other states. One aspect of that diversity is the history, size, and strength of its independent colleges and universities. While more than half of all undergraduate college students in Massachusetts are enrolled in independent institutions -- the highest percentage of any state -- this figure nonetheless represents a decline from earlier years.

The institutions that comprise the independent sector in Massachusetts have played and continue to play a critical role in the development of the Commonwealth. They serve as a magnet for attracting many of the nation's best minds to teach or study in Massachusetts. They also form a large part of the research structure that has been so instrumental in the state's economic resurgence.

The principal means by which the state supports independent institutions is to provide financial aid to needy Massachusetts students who choose to attend an independent institution. Leaders of the Commonwealth should reaffirm the public interest in promoting a strong independent sector of higher education. While this need not entail direct financial support, it should include respect for the contributions and services that established academic institutions in the independent sector provide to the Commonwealth and its residents.

The Board of Regents, although principally involved in the provision of higher education in the public sector, also establishes policies which affect the independent sector. In addition to setting tuition levels for the public colleges and universities, the Board of Regents is responsible for establishing policies that determine the distribution of state financial aid funds to needy state residents attending all postsecondary educational institutions within the Commonwealth. It should seek to perform this responsibility in a manner which promotes both access and choice in higher education for all Massachusetts residents.

Reducing Economic Barriers to Access and Choice

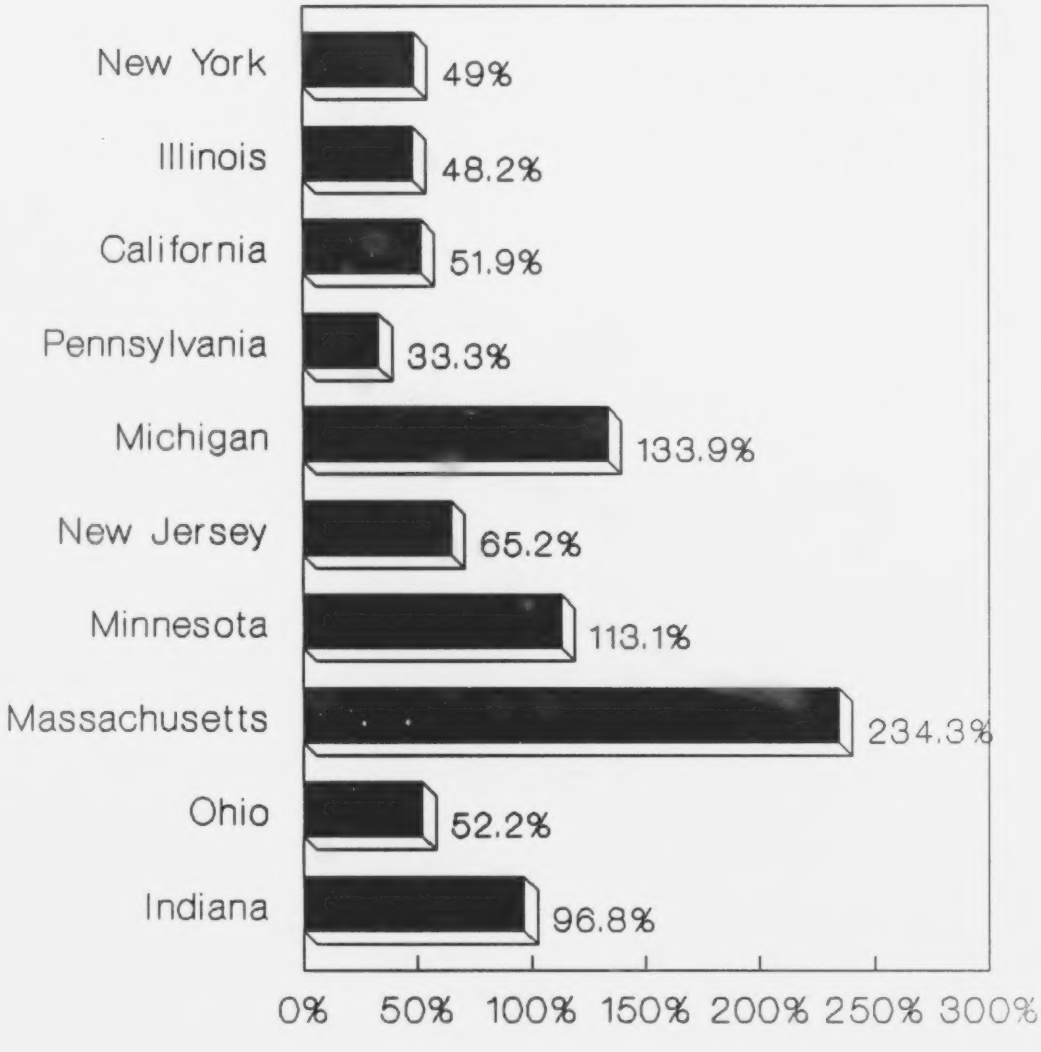
The Commonwealth's major support of higher education continues to be the operating budget for the public higher education system, but an increasing percentage of state support has recently been directed to student financial assistance. While the state's role in student financial aid stretches back to the 1950s -- much longer than that of most other states -- its funding of student aid has only become sizable in recent years.

In the early 1980s, Massachusetts' commitment to student financial aid lagged behind that of most other states. But the funding growth in recent years has catapulted the Commonwealth into a leadership position among the states; in 1986, Massachusetts spending for student aid per capita ranked 4th nationally. Chart 2 shows how dramatic this growth has been when compared to the experience of other industrialized states.

While funding for higher education in Massachusetts has increased steadily over time, funding for student aid has grown much faster (see Chart 3). As a result, student aid in Fiscal 1987 represented 12 percent of the total state funding for higher education, compared to less than 5 percent in 1981. To understand this shift in funding, it is necessary first to review the history of student aid in Massachusetts.

The Massachusetts General Scholarship Program, the major source of state student financial aid in the Commonwealth, was initially funded in 1961 at a level of $150,000. In comparison, state support of public institutions at the time was nearly $20 million. The General Scholarship Program experienced modest funding growth through its first two decades. By Fiscal 1983, after the program had been level funded at $15 million for three years, awards were being provided to 28,000 students.

Growth of Student Aid Programs in Industrialized States 1980-81 to 1986-87

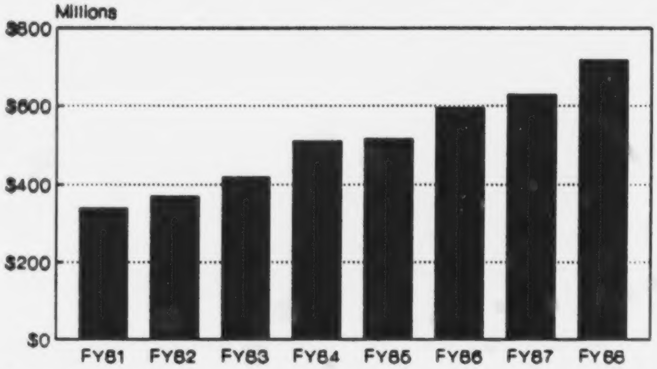


Source: NASSGP 18th Annual Survey Report

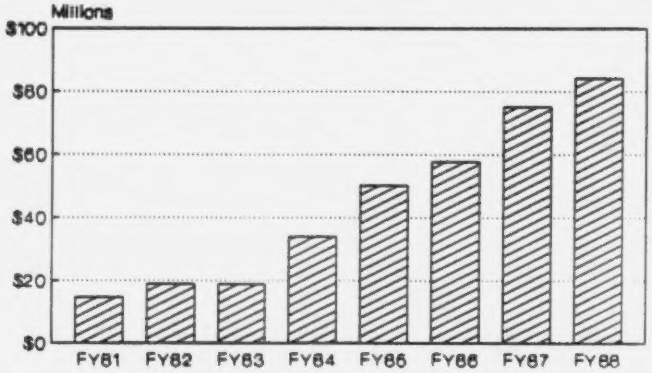
CHART 3

Massachusetts Support for Higher Education and Student Aid
Fiscal Years 1981 to 1988

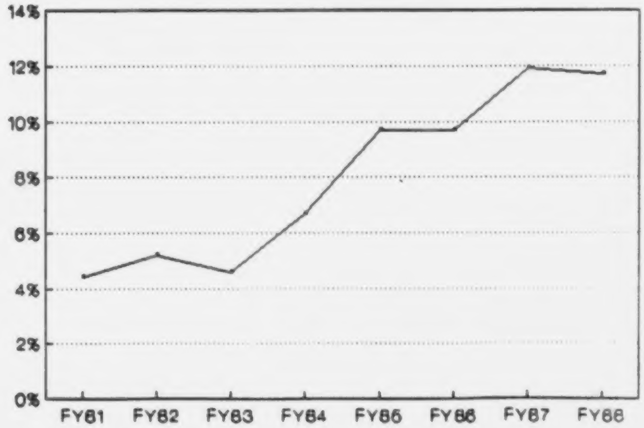
HIGHER EDUCATION APPROPRIATIONS
(Includes Student Aid)



APPROPRIATIONS FOR SCHOLARSHIP PROGRAM



SCHOLARSHIPS AS A PERCENTAGE OF HIGHER EDUCATION APPROPRIATION



SOURCE: BOARD OF REGENTS

During that same time, federal student assistance grew into a multi-billion dollar enterprise nationwide. In 1983-84, students attending Massachusetts colleges, universities, and proprietary institutions received federal grant and work assistance amounting to more than $100 million, compared to less than $20 million for state student aid programs.

In the early 1980s, however, the climate for student financial aid began to shift. Increases in federal funding for student aid slowed while the costs of attending college continued to grow. The result was a widening gap of unmet financial need for a growing number of students. The Commonwealth, recognizing the importance of higher education to its economy and concerned with the slowdown in federal support, began to assume a more aggressive role in the area of student financial assistance.

A major thrust of this new state student aid policy has been augmented funding for the General Scholarship Program. Since Fiscal 1983, appropriations for the General Scholarship Program have more than quadrupled, from $15 million in Fiscal 1983 to nearly $57 million in Fiscal 1988.

Introduction of Indexing. When the General Scholarship Program was first established, flat dollar awards were provided to selected eligible students based upon the type of college the student attended. This approach may have been appropriate during the years of level funding or marginal growth. But as the funding for the program began to escalate, it became increasingly obvious that flat awards were no longer the most effective means for distributing the major source of assistance to needy Massachusetts students.

A related development was the rapid growth in the number of students applying for state assistance. Scholarship applications, which more than doubled from the late 1970s through the mid-1980s, grew to the point where only those families with no ability to contribute to college costs were being awarded a General Scholarship. The growth in the number of applicants also required a rethinking in both the operation and philosophy of the General Scholarship Program.

These policy concerns were addressed through the introduction in Fiscal 1988 of an award methodology known as "indexing." The indexing procedure moved the General Scholarship Program from flat awards to a system that afixes the size of a student's award to cost of attendance and the family's ability to pay. The effect of indexing is to provide greater access for the neediest students by ensuring that those with the greatest financial need receive the largest scholarship award to attend the college of their choice. Legislative approval and the subsequent implementation of the indexing methodology might reasonably be viewed as the first step in the development of a comprehensive state-wide plan for student financial assistance.

The Growing Number of State Student Aid Programs. During the years of limited growth in the General Scholarship Program, a number of specially targeted programs were developed to assist designated groups of students. The Gilbert Matching Scholarship Grant Program, established in 1977, represents the state's attempt to provide choice for needy state residents attending independent colleges and universities within the Commonwealth. To achieve this objective, the Gilbert program provides state funds to match institutional allocations of student aid. In Fiscal 1988, funding for the Gilbert Matching Scholarship Grant Program has grown to $9.2 million, representing 11 percent of the total state appropriation for student aid. (As a match, state funds in this program represent about 15 percent of the aid awarded to Massachusetts students by independent sector institutions.)

In the public sector, a number of tuition waiver provisions provide parallel assistance to students attending Massachusetts public institutions. Public college and university students will benefit from over $10 million of need-based tuition waivers in Fiscal 1988. In addition, other tuition waivers are provided to specified groups of students without regard to financial need.

Along with the tremendous growth in the General Scholarship Program, eight new financial aid initiatives have been authorized since 1984. These programs, intended to provide alternative sources of student financial assistance, are primarily operated as need-based programs at the campus level. In six of these programs, the Board of Regents allocates a sum of money to colleges and universities for their awarding and distribution of funds to students. Essentially, under these campus-based programs, the institution acts as an agent for the Board of Regents.

These other aid programs, however, constitute a relatively small proportion of the total state funding for student assistance. In Fiscal 1988, total funding for the state student aid programs is $84 million, of which $56.9 million (68 percent of total funding) is for the General Scholarship Program (see Table 1).

The proliferation in state financial aid programs has created philosophical and administrative problems for students and campus administrators. While each effort represents a well-thought-out and appropriately targeted program, in aggregate -- without a comprehensive state-wide financial aid policy -- these programs resemble an accretion of separate initiatives. To meet the needs of Commonwealth families in an adequate and fair manner, a comprehensive and innovative framework must be developed. Such a framework will help to ensure that the state plays an appropriate role in the shared partnership for the financing of college costs.

Massachusetts Student Aid Programs Projected FY 1988 Expenditures

PROGRAM	APPROPRIATION	% OF TOTAL
General Scholarship	$56,909,837.**	68 %
Medical, Dental	$ 2,776,360.	3 %
Consortium	$ 600,000.	1 %
Christian Herter	$ 443,803.	1 %
Honor Scholarships	$ 770,000.	1 %
Police, Fire, Corrections	$ 80,000.	* %
War Orphans	$ 50,000.	* %
Gilbert Matching Grant	$ 9,225,000.	11 %
Graduate Grant	$ 2,500,000.	3 %
Dedicated Grant	$ 1,695,000.	2 %
Educational Employment	$ 2,500,000.	3 %
Adult Learner	$ 850,000.	1 %
Commonwealth Scholar Grant	$ 1,000,000.	1 %
McAuliffe Teacher Grant	$ 300,000.	* %
Part-Time Grant	$ 4,000,000.	5 %
Graduate Nursing	$ 300,000.	* %
TOTAL	$84,000,000.	100%

* Funding represents less than 1 %
** Does not include $2,442,133 in Federal SSIG funds

Source: Scholarship Reserve Account 7070-0065

Federal and Institutional Student Aid. State student aid programs, of course, are only one of the sources of financial aid for students in Massachusetts. Federal grant and work programs -- Pell Grants, Supplemental Educational Opportunity Grants (SEOG), College Work Study -- represent another major source of assistance. In addition, colleges and universities invest a large amount of their own funds to help students attend their institutions. Chart 4 shows the trends in funding for federal grant and work assistance provided to students attending Massachusetts institutions. (These figures include an undetermined amount of aid that is received by out-of-state residents who attend Massachusetts institutions.)

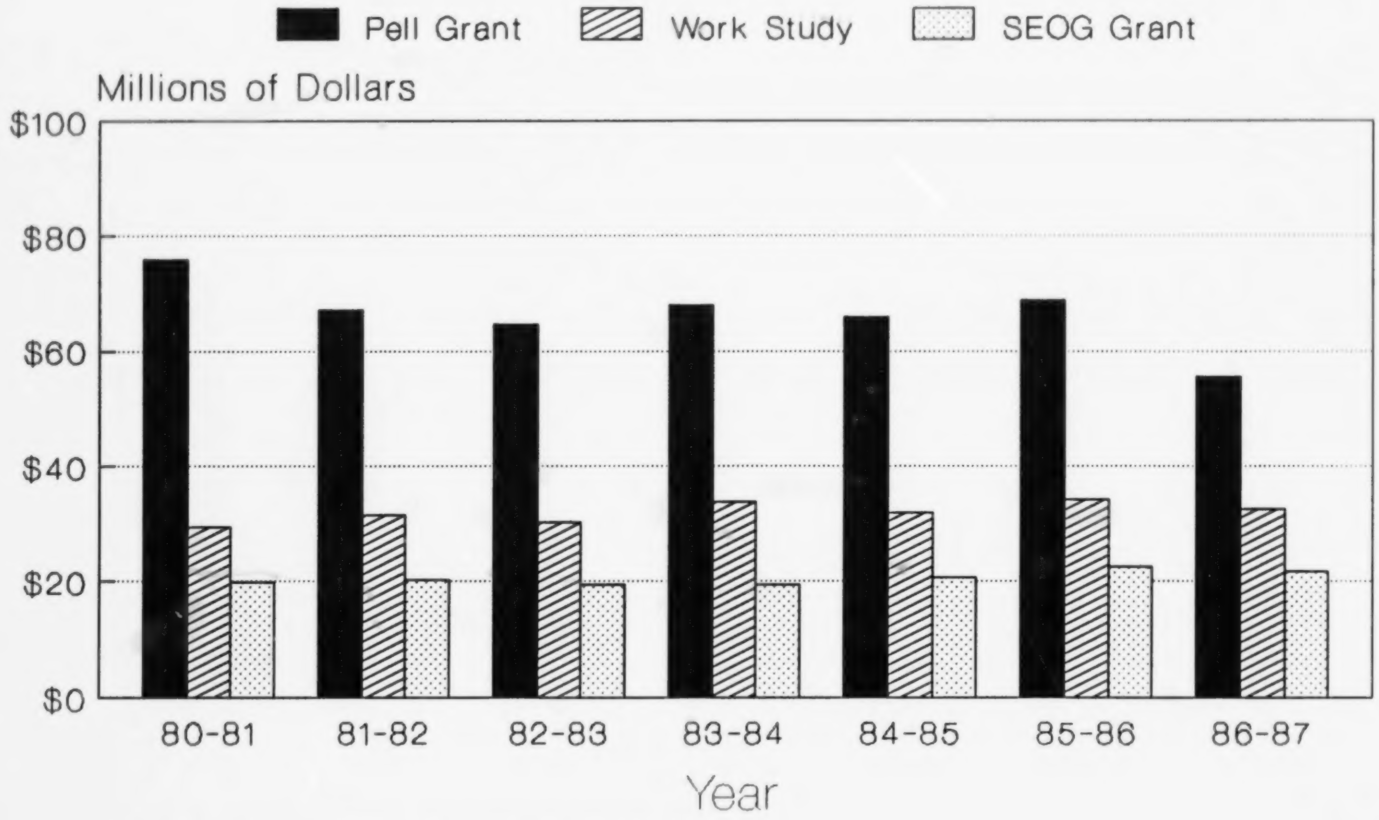
As Chart 4 indicates, federal funding for student aid has not appreciably increased in the 1980s; for some programs, current funding levels are lower now than they were at the beginning of the decade. When the programs are taken together, students attending Massachusetts institutions currently receive in excess of $100 million from all federal grant and work programs.

The distribution of funds to students attending public, independent, and proprietary sector institutions varies in the federal and state financial aid programs. Table 2 indicates the distribution of state General Scholarship and federal Pell Grant funds in Massachusetts in 1986-87 by type of institution attended.

Massachusetts colleges and universities also provide a substantial amount of student aid from their own resources. In 1984-85, Massachusetts institutions reported that they had provided $350 million in institutional aid to their students, more than that provided through federal and state grant programs combined. (Some share of this institutional aid was not based on need, but it is likely that need-based aid still exceeded what was provided from federal and state sources.) This amount of institution-based aid is unmatched by colleges and universities in any other state.

Loans are the other major source of student assistance. In the past decade, loans have become an increasing proportion of the student financial aid packages. In 1986-87, loans guaranteed or provided by Massachusetts agencies totalled more than $300 million. About $250 million of these loans were for students; the remainder were parent loans. In addition, Massachusetts colleges and universities provide well over $100 million in Perkins loans (previously NDSL) through a combination of new federal capital contributions, the repayment of old loans, and institutional matching funds. The annual volume of student loans made by Massachusetts agencies and institutions is more than the amount of federal and state grant and work assistance provided to students attending Massachusetts institutions.

Federal Grant and Work Assistance for Students Attending Massachusetts Institutions 1980-81 to 1986-87



Source: Massachusetts State Scholarship Office

CHART 4

Federal Pell Grant and Massachusetts General Scholarship Funds for Students Attending Massachusetts Colleges and Universities, 1987

TYPE OF INSTITUTION	DOLLARS (in millions) GENERAL SCHOLARSHIP	DOLLARS (in millions) PELL GRANT	PERCENT GENERAL SCHOLARSHIP	PERCENT PELL GRANT
PUBLIC				
STATE UNIVERSITIES	$ 9.0	$ 10.0	16%	19%
STATE COLLEGES	5.0	6.0	9%	11%
COMMUNITY COLLEGES	7.5	11.0	13%	20%
PUBLIC SUBTOTAL	21.5	27.0	38%	50%
INDEPENDENT INSTITUTIONS	34.0	23.0	59%	42%
PROPRIETARY INSTITUTIONS	1.5	4.5	3%	8%
TOTALS	$57.0	$ 54.5	100%	100%

Federal Pell Grant Figures based upon U.S. Department of Education 1986-1987 data

General Scholarship Figures based upon Scholarship offers as of October 1987

The Shared Responsibility for Financing Higher Education

The American system of financing higher education has traditionally been one of shared responsibility among the states, families and students, the federal government, and the colleges and universities themselves. In recent years, however, a number of trends have raised questions about the continued viability of this system of financing.

State governments remain the largest contributor to the financing of higher education. State funding of higher education represents a social investment in the future and a tangible expression of the public interest in a well-educated citizenry and workforce. State funds also allow public sector institutions to charge tuitions that are substantially less than the cost of providing that education. Many states over time have also assumed increased responsibility for removing economic barriers for financially disadvantaged students by increasing their expenditures on student aid programs.

A number of states are now finding it harder to increase their funding for higher education as fast as in the past. As a result, public sector tuitions and fees in many states (although not in Massachusetts) have been rising as quickly as tuitions in the independent sector during the 1980s. Most states, however, have not increased their funding of student aid programs sufficiently to ensure that needy students do not face an increase in the net price they pay. Although total funding of state student aid programs has increased substantially, most of the growth has been concentrated in a few large states, including Massachusetts.

Responsibility for financing higher education must also be assumed by families and students through their payment of tuition and other costs of attendance. The system of student financial aid and needs analysis which has been relied upon in this country over the past three decades is based on the expectation that parents and students should contribute to the cost of higher education according to their means. This American principle of expecting families to share in the cost of higher education is in sharp contrast with that of most other developed countries, where the government pays for a much larger share of the costs of attendance. (A smaller percentage of the college age population in other developed countries attends institutions of higher education as well.)

Lowering the age of majority to 18 years and other factors, however, have apparently led to a weakening in the traditional dependence on parents to pay for their children's educational costs. Some parents, shocked by the increases in tuitions and the other costs of college attendance, may simply be throwing up their hands and seeking to shift more of the responsibility for paying college costs to governments or to their children. One example of this shift in responsibility occurs when students from other states attempt to declare themselves emancipated in order to qualify for in-state tuition rates at public institutions or for state financial aid at independent institutions.

Over the past two decades, the federal government has played a major role in the financing of higher education through its student assistance programs. The goal of providing equal opportunity led the federal government to embark on an ambitious set of programs designed to increase the participation of economically disadvantaged students in higher education.

In the 1980s, however, there has been a slackening in the federal commitment to student aid. The Reagan Administration has consistently proposed large scale cutbacks in student aid. Although Congress has rejected most of the Reagan proposals, the growth in federal funding for student aid has noticeably slowed, especially for grant assistance. Moreover, disagreements between the executive and legislative branches have introduced greater uncertainty in the student aid process. As a result, decisions on funding and program regulations often occur much later than is optimal.

Colleges and universities which manage resources raised by public contributions and enjoy special tax benefits also bear a responsibility to help students with financial need. Many such institutions in recent years have dramatically increased the financial aid they provide to their students, offsetting in part the slowdown in federal funding for grant assistance.

Higher tuitions for all students is the principal way that many institutions have financed the additional student aid they provide. Moreover, some institutions target a share of their student aid funds to selected students, irrespective of need, as a means of attracting these students to their campuses. A diminution in the commitment to equal opportunity for the neediest students on the part of institutions, however, may reduce the potential impact of government student aid efforts.

A strong and equitable system of financing higher education in the Commonwealth, in which students have access to the educational program that best suits their needs and abilities, requires all members of the financing partnership to meet their responsibilities. A statement of these responsibilities should include:

o Students and their families ought to contribute to the expense of college according to their means. Students from higher income families should pay more of their costs of attendance than students who are less well-off. Parents should not be able to shift their responsibility for helping their children by artificially declaring their children to be financially independent. Strict standards in the financial aid process should be applied for students to qualify as financially independent. Moreover, students from other states who attend Massachusetts public institutions should pay out-of-state tuitions except where bona fide residence has been established.

o The federal government must not shrink from its responsibility to provide adequate financial assistance to increase opportunities for needy students. This is a fundamental federal obligation in higher education, a role which must not be neglected.

o Colleges and universities must maintain and increase their commitment to provide students with sufficient amounts of financial aid. This institutional responsibility should not be diluted in cases where institutional increased funds are provided to less needy students before the needs of lower income students are adequately met.

o The Commonwealth must also reaffirm its membership in the higher education financing partnership by fulfilling its three primary responsibilities of supporting public institutions, adopting policies that preserve the independent sector, and enhancing student access and choice through financial aid programs.

CHAPTER II: ISSUES AND RECOMMENDATIONS

The Task Force in its deliberations has identified six issues which it believes are critical for ensuring the future adequacy of student aid in Massachusetts.

First, despite some gains over time, the goal of equal opportunity remains unrealized for many groups of students, especially those from economically disadvantaged backgrounds, including part-time students, minorities, and adult learners. An important priority of state policy should be to increase the participation of these underserved student populations.

Second, simply increasing the funding of financial assistance programs is not sufficient to achieve desired increases in the participation of economically and academically disadvantaged students. Also needed are support services that allow students to make the necessary transitions from home, high school, and work. Information efforts that reach out to disadvantaged students to raise their aspirations and to help them understand that financial aid will be available when they are ready for college should also be enhanced.

Third, Massachusetts has no policy that links tuition, costs, and financial aid decisions in any formal or systematic way. The result has been an ad hoc set of decisions that may run contrary to the objectives of equal opportunity, choice, and equity. To improve the current process, the state should establish a policy that links student aid policies and tuition levels with the costs to the state of providing a college education in the public sector.

Fourth, middle income families have become increasingly frustrated in recent years with rising college costs and their reduced eligibility for need-based assistance. One positive way to close the gap between costs of attendance and family ability to pay is to encourage families to save more for college, especially when their children are young. Savings incentives would not only help to relieve the growing anxiety of parents but might also serve to slow the growth of student debt burdens in the future.

Fifth, despite the obvious relationship of higher education trends and labor force conditions, financial aid policies are typically developed with little or no reference to labor force considerations. In selected instances, there should be a more explicit recognition of labor force conditions in the development of student aid policies.

Finally, funding for state student aid programs has grown dramatically in recent years and the number of state programs has proliferated. To ensure that state funds are used effectively and efficiently, the Board of Regents should reexamine the purposes and operation of its growing range of student aid programs and consolidate or eliminate programs where necessary.

Expanding Opportunities for Underserved Populations

Increasing the participation of economically disadvantaged students is one of the primary purposes of student aid programs. Evaluations of student aid should, therefore, include an assessment of changes in enrollment patterns of groups of students who typically have not participated fully in higher education, including low income students, and those part-time students, minorities, and adult learners who are economically disadvantaged.

Helping Students from Lower Income Families. The apparent lack of progress in increasing the proportion of low income and economically disadvantaged students who participate in higher education in the Commonwealth is a primary issue of concern regarding student aid programs. While it is not possible to determine how many low income students are enrolling in Massachusetts colleges and universities, the number of General Scholarship recipients from low income families has not substantially increased in recent years despite the growth in funding for the program. The lack of progress in increasing the participation of low income students raises questions about whether the current array of aid programs represent an adequate response to a very serious public policy concern.

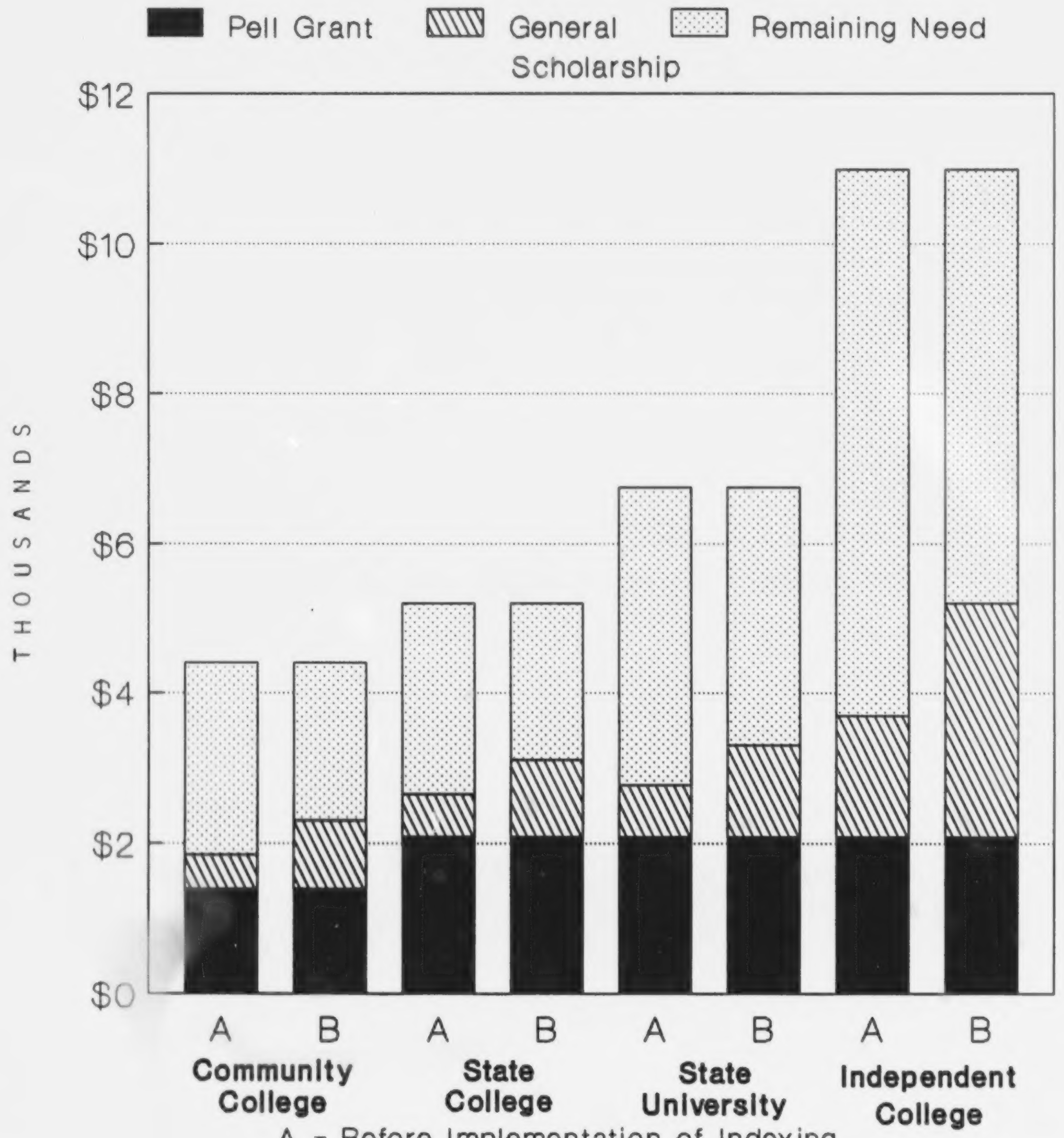
One means for testing the adequacy of current aid programs is to examine how much a student with no expected family contribution, i.e., a very needy student, can expect to receive through a combination of federal Pell Grants and State Scholarship. Chart 5 indicates the Pell Grant, General Scholarship award, and remaining need for the lowest income students at each type of institution. The remaining need must be met through other federal, state, or institutional grant assistance, work-study, or loans. The chart shows how much Pell Grant and State Scholarship these needy students would have received under the program rules that were in effect in Fiscal 1987 before the indexing of awards was introduced.

As Chart 5 demonstrates, the introduction of indexing helped to increase the percentage of costs of attendance that the neediest students receive in grant assistance, especially for students attending independent institutions. At the state universities, for example, indexing reduced a student's need by about $700. At independent institutions, indexing reduced need by $1,500. As a result of indexing, the neediest students at all institutions found their financial need reduced an average of 10 to 15 percent.

Since the indexing procedure was only first implemented in Fiscal 1988, it is too early to determine its exact effects. Prudent management principles dictate that the impact of indexing be monitored and evaluated over the next several years. But the increase in awards for the neediest students that resulted from the implementation of indexing strongly suggests that it should be continued.

CHART 5

General Scholarship, Pell Grant, and Remaining Need: Lowest Income Students by Type of Institution



A - Before Implementation of Indexing
B - After Indexing was Implemented

NOTE: HEIGHT OF COLUMN EQUALS FY 88 COST OF ATTENDANCE

RECOMMENDATION: The indexing procedure first implemented in Fiscal 1988 should be continued. It represents a significant improvement in providing both access and choice over the previous system of flat awards. The indexing procedure should be evaluated and modified if necessary to ensure that General Scholarship funds are targeted on the neediest students.

Targeting Aid on the Neediest Students. Chart 5 also demonstrates that the combination of what the neediest students receive through a combination of Pell Grants and State General Scholarships continues to fall far short of meeting their total need. For students with no expectation of family or other support, the costs of attending college may be so high that many able but needy students simply choose not to continue their education.

While indexing has served to increase the size of awards that the neediest students receive, this procedure cannot be relied on as the total solution for raising the participation of the most disadvantaged students. Under the indexing procedure, raising the maximum award for the neediest students also causes a proportionate increase in awards for all recipients, including those who have some family contribution. Put another way, if the maximum award under indexing were raised to meet the total costs of attendance for the neediest students, program expenditures would have to more than double as the awards for other scholarship recipients would also be increased.

If the objective is to increase awards for the very neediest students within realistic fiscal parameters, a supplement to the General Scholarship award may be necessary. Under a supplemental award approach, the General Scholarship maximum award would be increased in each sector by providing an "add on" award for the neediest students. This increase in the maximum award might be stated in the form of a percentage increase or a dollar amount. Students from families with no ability to contribute to the student's education would receive the supplement as part of their General Scholarship award. The supplemental award could be provided to students who have a zero or negative family contribution under the needs analysis procedures, i.e., their family incomes are at zero or fall below the family size offsets provided for in the calculation. This would represent a further step toward targeting aid on the neediest students.

The purpose of instituting a supplemental award would be to ensure that increases in funding for the General Scholarship Program would be targeted on the neediest students in each sector. For instance, a supplemental award that equalled 20 percent of the maximum award would mean that a student at a state university who currently receives an award of $1,200 would instead receive $1,440.

For the same students at independent institutions, the maximum award would increase from $3,100 to $3,720. An increase of this magnitude for the neediest students would greatly reduce their dependence on borrowing, which may be one of the primary deterrents to their continued participation in higher education.

Under existing state student aid procedures, the amount of aid a student receives from the state is unaffected by the amount of aid that student receives from the federal government. At the current level of maximum awards in the Pell Grant and State General Scholarship, there is little possibility for the combined awards to exceed a student's need. But with the introduction of a supplemental award, or if the maximum award in the General Scholarship or Pell Grant Program is substantially increased, the probability would increase that some students could receive more aid than they need through the General Scholarship Program in combination with the federal Pell Grant they receive. Prudent public policy would suggest that regulations be developed so that a student's state award would be reduced if the combination of Pell Grant, state General Scholarship would otherwise exceed the calculated financial need of that student.

RECOMMENDATION: The State should establish a Supplemental award within the General Scholarship Program to encourage the greater participation of the most economically disadvantaged students in higher education. The Supplemental award would increase the General Scholarship for students coming from families with no ability to contribute to college expenses. In no case, however, should the General Scholarship award in combination with Pell Grant exceed the determined need of the student.

Part-time Students and Adult Learners. As a result of a number of demographic and economic factors, college students today compared to previous generations are more likely to be older, less likely to live on campus, and will more often take more than four years to receive a degree. Yet most financial assistance programs remain primarily geared toward assisting those students who are full time and financially dependent on their parents.

Unlike many other states, growth in the number of part-time students who enroll in Massachusetts colleges and universities has been relatively slow over the past six years. The number of part-time students enrolled in Massachusetts institutions in 1986-87 was 157,000, virtually the same as in 1980-81. But the pattern of change varied from campus to campus. Part-time student enrollments have increased substantially at commuter-based institutions. At all public institutions, the number of part-time students has increased slightly since 1980. By contrast, independent institutions in Massachusetts have witnessed a 4 percent decrease since 1980 in the number of part-time students they enroll. The lack of a sustained increase in the overall attendance of part-time students suggests that the relative absence of financial aid may be a significant deterrent to full participation and choice for those students who cannot afford or choose not to attend full-time.

Several factors may be contributing to this trend. While public and independent institutions offer a host of academic programs to serve part-time students and adult learners, the eligibility of these students for federal and state financial aid is extremely limited. The General Scholarship Program, for example, is currently available only to full-time students enrolled in degree granting programs. In addition, there is a state requirement that Continuing Education Programs in the public sector -- where a large proportion of part-time students are likely to enroll -- must be financially self-supporting. This means that the students enrolled in these programs do not benefit from the lower tuitions available to more "traditional" students attending regular sessions at the same institutions. This is especially true of students in high cost programs such as nursing, where access to part-time and evening study is vital.

For the first time state funds were allocated in fiscal 1987, to institutions for distribution to part-time students under the Part-Time Student Grant Program. In its first year, however, the program was underutilized due primarily to a late start and a lack of information being made available to eligible students. Through providing greater information on a statewide basis a centrally administered program may have a better potential for reaching part-time students than the approach used in 1987.

Parents who receive public assistance represent another underserved student population in higher education. Massachusetts established an Adult Learner Program in 1984 in which institutions are provided with funds for awarding student financial aid specifically to AFDC recipients. Despite this targeted effort, the participation of these individuals in higher education continues to be very low. Like the part-time student program, an alternate approach may be to try to reach these potential students through a centrally administered program rather than administering the program at the campus level as is presently the case in the Adult Learner Program.

RECOMMENDATION: **Part-time students (including adult learners) should be eligible on the basis of need for assistance under a state-funded program centrally administered by the Board of Regents. Part-time students would apply for aid through a process similar to that used in the General Scholarship Program, but funding for the part-time student program would be separate and distinct. The General Scholarship Program would continue to be available only to full-time undergraduates. Initial funding for the part-time student program should be drawn from the funds presently allocated to the existing Part-Time Student Grant and the Adult Learner Programs.**

One reason (among others) for the low participation rates of AFDC recipients in higher education is the fact that public assistance and other benefits may in some cases be reduced because of the student aid that is awarded. In 1986, for example, as many as 500 AFDC recipients applied for the General Scholarship program, but did not enroll in a higher education program. This shortfall in participation by eligible student aid applicants could well be the result of a prospective reduction in other benefits such as AFDC, Medicaid, and Food Stamps. Regretably, this reduction in other benefits may be serving as a barrier to access for those students who can least afford to pay for a college education.

The Board of Regents should take the initiative to prevent the possibility that receipt of student aid would reduce an individual's eligibility for other types of public assistance benefits. A good first step would be for the Board of Regents to appoint a committee to work with other federal and state agencies to help ensure the continued eligibility of student aid recipients for other benefits, both as matter of policy and to review individual cases. Such a monitoring and evaluation committee should be composed of low income students and financial aid administrators as well as personnel from the Board of Regents and the relevant federal and state agencies.

RECOMMENDATION: The Board of Regents should establish a monitoring and evaluation committee to work with federal and state social service agencies and the state Attorney General to ensure that receipt of student aid does not reduce the benefits that individuals are eligible to receive from other assistance programs, including AFDC, Medicaid, and Food Stamps.

Increasing the Participation of Minority Students. Decisions on how to increase the number of low income and part-time students, and adult learners all relate to the issue of minority participation, since minorities are disproportionately represented in these student groups. Nationwide, one of the most distressing trends in higher education in recent years has been the apparent decline in the participation of minority students. Despite increases in the number of minority students who graduate from high school or receive an equivalency degree, the total number attending college has remained level or declined on a national basis. The situation appears particularly precarious for Black students, who after a decade of progress in higher education beginning in the mid-1960s, now see that progress eroding in the 1980s. While the participation of Hispanics nationally in higher education has consistently increased, they, too, remain underrepresented relative to their presence in the population.

The pattern of minority enrollments in Massachusetts has generally followed that of the nation, as Table 3 indicates. Black undergraduate enrollments dropped between 1980 and 1982. Since then the number of Black students enrolled has increased, although Black enrollments in 1986 were only slightly higher than in 1980. Given the increase in the number of Black high school graduates, it is cause for concern that Black enrollments in higher education have

Minority Student Undergraduate Enrollments in Massachusetts Institutions, 1980 to 1986

	1980		1982		1984		1986		Change: 1980-1986	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% Change
Public										
Total Enrollment (UG)	164,612	100.00%	171,715	100.00%	166,667	100.00%	165,666	100.00%	1,054	.64%
Black	5,872	3.57%	4,922	2.87%	6,070	3.64%	6,734	4.06%	862	14.68%
Asian	1,110	.67%	2,163	1.26%	2,663	1.60%	2,795	1.69%	1,685	151.80%
Hispanic	2,208	1.34%	2,803	1.63%	3,173	1.90%	3,639	2.20%	1,431	64.81%
American Indian	422	.26%	528	.31%	402	.24%	442	.27%	20	4.74%
Total Minority	9,612	5.84%	10,416	6.07%	12,308	7.38%	13,610	8.22%	3,998	41.59%
Independent										
Total Enrollment (UG)	179,084	100.00%	172,934	100.00%	173,836	100.00%	171,803	100.00%	-7,281	-4.07%
Black	7,667	4.28%	7,634	4.41%	7,310	4.21%	7,017	4.08%	-650	-8.48%
Asian	3,010	1.68%	3,784	2.19%	4,698	2.71%	6,933	4.04%	3,923	130.33%
Hispanic	2,788	1.56%	3,468	2.01%	3,507	2.02%	4,233	2.46%	1,445	51.83%
American Indian	329	.18%	286	.17%	399	.23%	398	.23%	69	20.97%
Total Minority	13,794	7.70%	15,172	8.77%	15,914	9.17%	18,581	10.82%	4,787	34.70%
Combined										
Total Enrollment (UG)	343,696	100.00%	344,649	100.00%	340,503	100.00%	337,469	100.00%	-6,227	-1.81%
Black	13,539	3.94%	12,556	3.64%	13,380	3.93%	13,751	4.07%	212	1.57%
Asian	4,120	1.20%	5,947	1.73%	7,361	2.16%	9,728	2.88%	5,608	136.12%
Hispanic	4,996	1.45%	6,271	1.82%	6,680	1.96%	7,872	2.33%	2,876	57.57%
American Indian	751	.22%	814	.24%	801	.24%	840	.25%	89	11.85%
Total Minority	23,406	6.81%	25,588	7.42%	28,222	8.29%	32,191	9.54%	8,785	37.53%

Source: ORIS, HEGIS/IPEDS Summary Reports

TABLE 3

only marginally increased since 1980. Moreover, Black students tend to enroll in a limited number of institutions, calling into question the degree of choice that actually exists in the system. For example, three institutions in the Boston area account for half of all Black student enrollments in the public sector in Massachusetts.

Hispanic and Asian student enrollments in Massachusetts colleges and universities have steadily increased since 1980. If, however, many of these students are from out-of-state, as may be the case, the increase in enrollments might not reflect as great an increase in participation among minority students from Massachusetts.

In sum, the data suggest that the large increase in funding for the General Scholarships and other state programs in recent years may have produced some benefits in the form of increased participation in higher education of minority students in Massachusetts. But despite an overall increase in the number of minorities enrolled, available Census data suggests that minority students remain underrepresented in Massachusetts higher education relative to their presence in the population. The preceding recommendations for the continuation of indexing, introduction of a supplemental award, and increased aid to part-time students and adult learners should all help to address the issue of how to increase the participation of minorities.

Removing Funding Uncertainty. The uncertainty that often surrounds the process by which student aid programs are funded is a related issue that adversely affects the participation of underserved groups in higher education. For example, every time the President's budget includes a proposal to cut federal student aid programs -- even though the proposals are rarely adopted by Congress -- many students and their parents assume that the cuts have already been enacted. In addition, funding decisions for the federal student aid programs have often been delayed in recent years because of the complexity and confusion that surrounds the federal budget process.

At the state level, uncertainty exists because funding decisions on the General Scholarship Program typically do not occur until the spring or summer immediately preceding the beginning of the academic year for which the aid is to be used. As a result, notifications to students of their award levels must be made on an unofficial basis. Financial aid administrators on the campuses must then put together aid packages without assurance about the size of the state scholarship award that a student will actually receive.

A better procedure would be for the State Legislature to fund the General Scholarship Program before when students begin to apply for awards. Advance funding would thus allow aid administrators to inform applicants of their General Scholarship eligibility as part of the financial aid package. It would also allow the Board of

Regents to set income and asset eligibility limits in the program with more definite knowledge of the amount of funds that will be available through appropriations. Under such a system, funding limits would be set through adjustments in income and asset eligibility rather than reductions in the size of the maximum award.

RECOMMENDATION: The General Scholarship Program should be funded by the time of year when students begin to apply for awards. This pattern of funding would allow students, families, and financial aid officers to know with certainty how much assistance applicants are eligible to receive.

Providing the Necessary Support Services and Information

Financial assistance cannot, by itself, ensure that financially disadvantaged students will fully participate in higher education. Increased participation in higher education must be based primarily on improved elementary and secondary education and services. To be effective, student financial aid must also be complemented by a set of support services for counseling and remedial help that enables students to stay in school. Students and their parents must be made aware of the aid for which they might be eligible early enough in high school to allow for adequate advance planning. In addition, efforts to reach nontraditional students should be enhanced to increase their awareness of financial aid availability. Each of these steps is necessary to ensure that student aspirations will not be blunted.

The Importance of Support Services. Experience over the past several decades strongly suggests that providing financial assistance without support services is a strategy that is unlikely to increase the participation of economically disadvantaged students. Many of these students face social and cultural obstacles that are as formidable as financial considerations. For this reason, support services for tutoring, remedial assistance, educational guidance and counseling, and cultural support networks can often be more critical to the success of a student in college than the provision of financial assistance.

Massachusetts has recognized the importance of support services through the establishment of a set of state efforts now collectively called the Ronald McNair Programs. These programs provide a wide range of support services including instruction in basic academic skills, recruitment of minority faculty, and special counseling and tutorial sessions. Included in the McNair Programs is the Disadvantaged Student Program, which provides annual allocations to campuses for support services and enrichment activities to improve the retention of economically disadvantaged students.

Although the support services programs in the state now all operate under the umbrella of the Ronald McNair Programs, the coordination of policy in these programs is a loose one. A means for improving the coordination of support services efforts is to consolidate the various existing programs into a single Ronald McNair Program. Guidelines should then be developed that would explain in some detail how various support services such as tutoring, faculty recruitment, and cultural support can best be meshed at the campus level to maximize the benefits of these activities.

RECOMMENDATION: All the existing support services programs administered by the Board of Regents should be consolidated under the umbrella of a single unified Ronald McNair Program. The Board of Regents should develop a plan for more effectively using the McNair Program to increase the participation and retention of disadvantaged students in higher education. One aspect of this plan should be a consideration of how to provide adequate personnel levels to ensure the effective delivery of support services.

Responsibility for the provision of adequate support services cannot rest with the state alone, however. It is critical that colleges and universities themselves actively help in establishing programs on campus that will provide economically and culturally disadvantaged students with the motivation and the support that often makes the difference between success and failure.

Most colleges and universities within the Commonwealth presently mount substantial support services efforts primarily for the benefit of disadvantaged students. All too often, however, institutions do not have the incentive or the funds to provide the level of services necessary to attract disadvantaged students to their campus. Just as important, colleges and universities must do more on their campuses to retain disadvantaged students once they are enrolled.

One means for encouraging colleges and universities to expand their support services is to link the funding of student aid with the funding for support services provided on campus. If institutions received state funds for support services on the basis of the number of student aid recipients or the dollar amount of student aid awards on their campus, they would have a greater incentive to recruit and retain those students.

Under a consolidated program approach for support services, it is important that the funds be designated for uses consistent with the intent of the program. Many activities can be justified under the name of support services. If the state policymakers have a particular set of activities in mind when they provide funds under the McNair Program, they should make clear what those activities are through the issuance of guidelines.

RECOMMENDATION: The state should experiment with a formula that would link funding for support services through the McNair Program with the level and distribution of funds in the General Scholarship Program. Such a formula would help encourage institutions to recruit and retain disadvantaged students. Guidelines should be developed to ensure the effective use of these funds in providing needed support services for disadvantaged students.

Reaching into the High Schools. Better support services must also reach into the high schools if the effort is to be successful. High school students must be prepared to do college level work and must be made aware of the responsibilities and the opportunities afforded them through a college or other postsecondary education. Efforts to improve the linkage and ease the transition between high school and higher education must entail a number of steps. There should be enhanced training of high school guidance counselors in the operation of the student financial aid programs, so that they are better prepared to inform students about student aid opportunities. Colleges and universities should be encouraged to offer summer programs, faculty sharing, college days, and mentor programs to enhance the college preparation of high school students.

Several existing state programs could be used to strengthen the linkage between high school and college. The School/College Collaborative Program, which began in 1984, was created to stimulate greater involvement by public and independent institutions in improving public elementary and secondary education. The Educational Opportunity Program, which is modeled on the federal Upward Bound programs, provides high school students with a college preparatory experience through basic skills instruction, counseling, and cultural activities. Herter Scholarships are another example of a state program intended to reach out to disadvantaged students in high school rather than wait for them to enroll in college before financial and other aid is provided. Inadequate funding or lack of a coordinated policy, however, has thus far prevented each of these programs from fully achieving its purposes.

RECOMMENDATION: Additional efforts should be undertaken to increase the interaction between high schools and colleges and universities within the Commonwealth. The Board of Regents in conjunction with the State Department of Education should develop a plan for strengthening the School/College Collaborative Program as well as the Educational Opportunity Program to increase the interaction between high schools and colleges and universities. In addition, the Herter Scholarship Program, which identifies and provides financial assistance to talented but economically disadvantaged high school students, should be expanded.

The Need for Accurate and Timely Information. Another key ingredient for success is that adequate and accurate information on financial aid opportunities be made available to students and their families. For students who are economically and culturally disadvantaged, the idea that a college education is financially possible must be stressed much earlier than the junior or senior year in high school, so that students with academic potential understand that college will be within their reach financially.

Because of the bewildering number of federal and state financial aid programs and complicated application procedures, students and their parents find the process of applying for financial aid formidable. High school guidance counselors and college financial aid offices seldom have sufficient staff to assist students in understanding their financial aid options. College financial aid officers for the most part concentrate their attention on those students and families who apply or are admitted to their specific institution.

Adults who seek to resume their education typically have even less access to information than students who are in school. Disadvantaged adult students often face the greatest financial obstacles to continuing or resuming their education, yet they are not the target of most financial aid programs and information efforts. The irony in the current system is that the students who most need financial aid are frequently those least aware of the assistance for which they are eligible.

Information programs should also include attempts to encourage parents, particularly those who did not themselves attend college, to play an active role in planning for their children's education. Information should be provided on the range of financial aid programs for which their children might be eligible, as well as on the various ways parents might save for their children's educational costs.

A number of colleges and universities have in recent years increased their efforts to provide information on financial aid to prospective students through the publication of pamphlets and participation in college days. These exemplary efforts to provide early information should be encouraged and expanded.

Six Educational Opportunity Centers (EOC) for Massachusetts are located throughout the state, in Boston, Springfield, Worcester, Pittsfield, Lynn, and New Bedford. These centers provide, at no cost, financial aid information and application assistance, and referral information to other agencies for supportive services.

The EOC in Boston known as the Higher Education Information Center is a nationally recognized model of how a public and private partnership can expand students' knowledge of financial aid and college opportunities. Since it opened in 1984, the Center has helped people of all ages and incomes plan for higher education by providing information in a wide variety of useful and innovative ways, including printed information in several languages, a tollfree telephone information service, extensive media publicity, and personalized financial aid counseling and application assistance. Massachusetts residents would benefit greatly if the Boston model could be expanded in resources and services to the EOC's and other communities across the state.

RECOMMENDATION: The Commonwealth, through the use of matching grants with local communities and private sector groups, should encourage the expansion of regional information centers and the services they provide throughout the state. These centers would provide information on financial aid and college opportunities to a wide range of potential attendees. These regional centers should draw on the telecommunications systems, data sources, and financial aid information resources that have already been developed on individual campuses and at the Higher Education Information Center in Boston. Special emphasis should be placed on those efforts that would expand the information that is made available to disadvantaged students early in their high school years and to nontraditional students who are economically disadvantaged.

Linking Costs, Tuitions, and Financial Aid

Every year state policymakers make three important sets of decisions regarding the financing of higher education in the Commonwealth. One is the appropriation of state funds for the support of the public system of higher education. This decision in effect indicates how much the state will expend to educate a student in the public sector. Setting tuition and fee schedules for public colleges and universities is the second aspect of the financing decision. Allocating funds for the state financial assistance programs that are provided to students attending public, independent, and proprietary sector institutions is the third leg of the structure that determines how higher education will be financed.

Each of these three sets of decisions relates to the other two. The difference between what it costs the state to educate a student in the public sector and the tuitions charged those students determines in effect how many state taxpayer dollars will be devoted to public higher education. Tuition levels in both the public and private sectors are a key determinant of the financial need of students attending colleges and universities in the state. In turn, the availability of financial aid affects students' decisions about which institution to attend.

No policy mechanism, however, currently exists in Massachusetts that links these three critical financing decisions in any formal or systematic way. Instead, each set of decisions is typically made independently of the others. The result is that appropriations, tuition, and student aid policies often work at cross purposes rather than reinforcing a single policy direction. The size of the state's financial commitment to higher education, and its importance to the future of the Commonwealth, require that the state make a greater effort in the future to coordinate decisions that affect expenditures, tuitions, and student financial aid.

In this regard, a growing number of states have come to recognize the importance of relating tuition to the costs of education and of designing a student aid program in which award size varies with financial need. But Massachusetts has not participated in this trend toward the establishment of state policies that would link funding, tuition, and student aid decisions.

Public Sector Tuitions and Awards. A first step for improving the coordination of higher education financing policies in Massachusetts would be to establish a linkage between tuitions in the public sector and the size of student aid awards. Without such a linkage, needy students remain at risk whenever public sector tuitions are increased. A tuition increase without a concomitant increase in student aid awards means that needy students will have to pay more out of their own pocket to attend a public college or university in the Commonwealth.

Over the long term, one way to establish a relationship between tuition and student aid decisions in Massachusetts would be to set the maximum General Scholarship award for students in the public sector equal to their tuition and fees. This "safety net" must be made an essential component of any effort to make state support of higher education more equitable. Under such a system, a needy student would have assurance that any increase in tuition and fees would be matched by an equal increase in financial aid. As a result, the net price faced by needy students -- tuition and fees minus student aid -- would not increase over time.

Funding considerations for the student aid programs may preclude the immediate adoption of a policy in which the maximum General Scholarship award equals 100 percent of tuition and fees in the public sector. But the priority goal of the state and the Board of Regents should be to implement, as soon as funding permits a policy under which the maximum award for the most needy students equal tuition and fees in the public sector.

Until the time when maximum awards are equal to tuition and fees in the public sector, an interim "safety net" policy would be to increase the maximum award at public sector institutions at least as much as any annual increase in tuition and fees. Under this policy, there would thus be an assurance that the net price paid by needy students would not increase over time.

RECOMMENDATION: The maximum award in the General Scholarship Program for the neediest students attending public sector institutions should equal 100 percent of their tuition and mandatory fee charges. A related policy goal is that any future increase in public sector tuitions and fees should be matched by increases in the maximum award, so that needy students over time would face no increase in their net price of tuition and fees minus aid.

Awards for Students Attending Out-of-State Institutions. Under current policy, state residents who attend institutions in other states which have reciprocal tuition agreements with Massachusetts are eligible to receive assistance through the General Scholarship Program. These students in 1986-87 accounted for about 10 percent of all General Scholarship recipients and received about 14 percent of the total funding in the General Scholarship Program. The share of dollars that these students received is larger than the proportion of the recipients because the amount of aid they receive is tied to the tuition they are charged at the out-of-state institution. As a result, students attending out-of-state institutions can receive more aid than residents who attend institutions within the state.

In order to encourage the development of reciprocal agreements with other states, it is both reasonable and necessary that the Commonwealth provide assistance to students attending institutions in states where tuition reciprocity applies. But a number of observers have questioned whether a resident attending an institution out-of-state should receive more aid than a resident choosing to attend a Massachusetts institution. A preferable approach might be to limit awards to students attending an out-of-state institution to no more than the maximum award available in the public sector in Massachusetts. This possible policy change would be subject to the existing terms of the reciprocal agreements.

RECOMMENDATION: The amount of General Scholarship award for state residents attending out-of-state institutions should not exceed the maximum award for students attending public sector institutions within Massachusetts.

Independent Sector Awards and Net Costs. It is vital to the future of the state that the independent colleges and universities be enabled to serve their public purpose of educating Massachusetts students. The principal means by which this intent is carried out at the state level is through the provision of General Scholarships awarded to needy Massachusetts residents attending independent institutions within the Commonwealth. The maximum award in the General Scholarship Program for the neediest students attending independent institutions is currently $3,100, which represents 31 percent of the average total costs of attendance for Massachusetts residents in the independent sector.

As is the case with students attending public colleges and universities, however, there is currently no policy framework for determining the maximum award for students attending independent institutions. The maximum award, instead, is a function principally of annual funding levels for the General Scholarship Program. That is, each year the maximum award is set once the appropriations level has been established. Massachusetts residents would be better served if the maximum award in the General Scholarship Program were related to both the direct state costs of providing an education in the public sector and to the size of tuitions in the independent sector.

One basis for establishing a reasonable policy framework in this regard is to begin by agreeing that in no case should the General Scholarship award to a student in the independent sector exceed what it costs the state to educate a student in the public sector. In that way, a student could never take more state money to the independent sector than it would cost the state to educate that student in the public sector.

The determination of costs is often a contentious issue, but any estimate of state expenditures for higher education should include a recognition of the various state funds that may reasonably and directly be attributed to the education of a student in the public sector. At a minimum, these costs include the appropriations that public sector institutions receive from the state. In addition, it seems reasonable to include any other state expenditures that are associated with the operation of public sector institutions, but that are not covered through direct state appropriations. These other state costs include the fringe benefits and retirement costs for employees of public sector colleges and universities and the costs of maintaining public sector campuses.

In calculating the cost to the state taxpayer, there should also be a recognition that the tuitions paid by students in effect offset the amount of overall state funds needed to run public institutions. This calculation of expenditures minus tuitions would represent the "net" costs of education in the public sector. When this aggregate figure is divided by the number of full-time-equivalent (FTE) students in the public sector, the result would be an estimate of the "net" state direct cost of educating a student in the public sector.

Table 4 provides estimates of the net state direct costs in Fiscal 1988 of educating a student in the public sector. Campus allocations for the support of public sector institutions (including estimates of the funding effects of the collective bargaining agreement) are $579 million in Fiscal 1988, or $5,360 per FTE student. (This cost figure excludes state funding for the Medical School at Worcester, and the FTE student count excludes students enrolled at the Medical School.)

TABLE 4

Total Net State Direct Costs per Student, FY 1988

	Public College & University Cost of Education	COST PER FTE
FY88 CAMPUS OPERATIONS	$579,388,526	$5,360
LESS: FY87 REVENUE	110,497,804	1,022
NET OF TUITION REVENUE	$468,890,722	$4,338
RESERVES FOR CAMPUSES	34,851,101	322
FRINGE BENEFITS	132,790,787	1,228
DEFERRED MAINTENANCE	21,489,004	199
NET STATE COST	$658,021,614	$6,087

NOTES:

1. The cost figures do not include costs associated with U-MASS Medical School.
2. Chancellor's II Enrollment Report for public campuses for the Fall 1987 was used to calculate an FTE figure of 108,098. This figure does not include Medical School enrollment.
3. Debt Service on capital bonding is not included in the calculation.

When tuition revenues of $110 million ($1,022 per FTE student) are deducted from these appropriations, direct campus allocations above tuition are $4,338 per student. Other appropriations in reserve which the Board of Regents allocates to campuses for libraries, computers, and student support services equal $35 million, or $322 per student. Fringe benefits (estimated at 30 percent of salary costs) are $133 million, or $1,228 per student. Outlays for deferred maintenance are an estimated $21 million ($199 per student). When all these costs are taken together and tuition revenues are subtracted, the net state direct cost is an estimated $658 million, or $6,087 per full-time-equivalent student in the public sector.

Some other expenditures that might reasonably be considered to be state costs of education in the public sector have not been included in the above calculation. Most notably, the debt service on bonds used for the construction of facilities on public sector campuses has not been included for a very specific technical reason. The state budget data on debt service are not available on a function-by-function basis: debt used for higher education is lumped together with the debt used to finance for many other state services. Thus, estimates of debt service for higher education would not be readily available on an annual basis. Including debt service would therefore defeat the objective of having an easily calculated figure available for use in determining the net cost to the state. It should be noted that based on the data available, if debt service were included, it might add an estimated $300 to $600 per student to the net cost figure.

Budgetary realities or other policy considerations may dictate that the maximum General Scholarship for students in the independent sector not fully meet the "net" state direct cost of educating a student in the public sector. Therefore, the policy is more appropriately stated that the maximum award in the independent sector should, under no circumstances, exceed what it costs to educate a student in the public sector, with the percentage to be determined as part of the policymaking process.

In the instance where the maximum award to the neediest student in the independent sector does not equal the net cost of educating a student in the public sector, policymakers will need guidance regarding the proper percentage to use. The basic principle that should be applied in this determination is that the distribution of dollars in the General Scholarship Program should reflect changes in enrollment patterns of award recipients. If award recipients shift in their enrollments between the public and independent sectors, then the distribution of General Scholarship dollars should similarly shift.

The most direct way to realize this principle is to maintain the current policy that maximum awards should reflect a uniform percentage of the average total student costs of attendance in each sector. Currently, the maximum awards equal 31 percent of average total costs of attendance for a student attending an institution in either the public or independent sector. As appropriations increase for the General Scholarship Program, the percentage of total costs of attendance met through the maximum award should also increase. This process of incremental increases in award levels should continue until General Scholarship funding is sufficient to fully fund awards in both public and independent sectors as described above.

There is a tremendous variation in the tuitions that colleges and universities charge their students. With this variation, it is possible that the maximum award as determined in the above formula would exceed tuition and fees at relatively low-priced institutions. To prevent this, the current policy in the General Scholarship Program limits the maximum award a student may receive to a percentage of the average tuition and fees charged at similarly priced institutions. This policy should be continued in order to ensure that the amount of aid a student may receive at lower priced institutions does not exceed the tuition at those institutions.

RECOMMENDATION: The maximum award in the General Scholarship Program for needy Massachusetts residents attending independent sector institutions should not exceed the net costs to the state of educating a student in the public sector. The net cost to the state should be defined as any state appropriations that reasonably can be attributed to public sector education less tuitions paid, divided by the number of full-time-equivalent students in the public sector. In addition, there should also be a continuation of the current policy in which the maximum award may not exceed a percentage of average tuition and fees for different categories of colleges and universities.

Linking Tuitions and Costs of Education in the Public Sector. The relationship between public sector tuitions and the costs of educating a student in the public sector represents the third step in the policy making process. The current tuition policy in Massachusetts states that tuitions at each type of institution should not exceed one-third of the average educational costs per student. This policy was initially established to ensure access to public higher education for all residents of the Commonwealth at a time when funding for state financial aid was relatively low.

Currently, there is no effective linkage between tuitions and costs in Massachusetts. Current tuitions are set substantially below the one-third level. Tuitions as a percentage of costs in Fiscal 1988 range between 18 and 24 percent at different types of public sector institutions. This represents a decline from Fiscal 1984 when tuitions as a percentage of cost ranged between 24 and 29 percent.

Massachusetts' financial support for its public institution has been relatively low over the past several years. Its recent gains, though impressive, leave it short of the top rank in state support for higher education on a per-student basis. Analysis of comparable funding patterns across the nation indicate that while the state share of funding in Massachusetts for public higher education is relatively high in per-student terms, the student contribution through tuition is relatively low. Nationwide, Massachusetts ranks 41st when tuitions are measured as a percentage of the total revenues of public sector institutions.

By contrast, however, mandatory fees in Massachusetts, which are highly variable and provide revenues directly to meet campus needs, rank high among other states in proportion to tuition. Moreover, while tuitions have not increased rapidly in Massachusetts, fee increases have been substantial at most public institutions in recent years. When fees are added to tuition, Massachusetts ranks closer to the middle of all states in what it charges students attending public sector colleges and universities.

The availability of relatively low tuitions in public higher education in Massachusetts has no doubt helped to provide greater access to higher education for thousands of residents of the Commonwealth. But the effort to keep tuitions low in the public sector has contributed to the fact that Massachusetts also has the largest tuition differential between the public and independent sectors of any state in the nation. (The extent of the difference in public and independent tuitions is also a function of the large number of expensive independent institutions in the state.) Thus, the maintenance of relatively low tuitions in the Commonwealth -- there has been no tuition increase since the 1985-86 academic year -- must be balanced with the need to maintain the diversity and pluralism that has been a trademark of higher education in Massachusetts.

Several factors or considerations could reasonably be used in developing a tuition policy in the Commonwealth that would serve to promote both greater access and choice. One such factor might be that tuitions would increase as the costs of providing an education in the public sector increases. As the state increases its contribution to higher education, the beneficiaries of that education might reasonably be expected to contribute a portion of the cost increase so long as needy students do not find their net price increased as a result of increases in tuition.

A second factor is that public sector tuitions should reflect differences in costs by type of institution. If a student attends a particular institution or type of institution at which an education costs more to provide, then the price at that institution should be more than that charged to a student who goes to a lower cost institution.

A third important consideration is that tuitions should not be set so low that they bear no or little relation to the means of students to pay for their education, but also should not be set so high that the tuition level serves as an obstacle to access. In the extreme, it would be contrary to sound public policy for the state to charge a tuition of $50 when the overwhelming majority of students could afford to pay more for their education, especially with aid available for needy students. Similarly, it would be equally unfair to charge a tuition of $10,000, exceeding the means of all but the wealthy student.

The Regents' current Tuition Policy "caps" both the share of costs to be assigned to students and annual increases, but provides no formula for setting tuition levels beneath the cap. Under this policy, tuition-setting in the public sector remains an ad hoc process, without any real direct connection to revenues or expenditures. Other states have used a variety of methodologies for setting tuitions in relation to expenditures, which the Board of Regents might consider in implementing the above mentioned factors. To improve the current procedure, a fixed minimum percentage of costs to be met through tuition or a predetermined percentage range of costs to be met by tuition could allow for a more equitable allocation of resources. The Board of Regents should review the current tuition policy and consider revising it along these lines.

RECOMMENDATION: The current Board of Regents tuition policy should be reviewed and modified to include a minimum percentage of instructional costs to be met through tuition. Any tuition policy change should be phased in over a period of several years to minimize disruption for students and institutions. Year-to-year changes in tuition should reflect a realistic assessment of the increased burden that students and families can manage in light of changes in family income and the availability of financial aid.

Although the current ceiling on tuitions as a percentage of costs is the same for all types of public institutions, it does not necessarily follow that tuition as a minimum percentage of costs should be uniform for all institutions. For example, it may be desirable from a policy perspective to have a lower minimum percentage for those institutions that provide the primary access to higher education within the Commonwealth: the Community Colleges. To implement this suggestion, it would be necessary to have a lower minimum percentage of costs to be met by tuition in the Community College system than would apply to other types of institutions. With such a differential, students and their families would more readily understand that barriers to access were not being erected through the adoption of a modified tuition policy.

RECOMMENDATION: In recognition of the special role of Community Colleges in extending higher education opportunities to those who might not otherwise attend college, the tuition at these campuses should be maintained at a lower minimum proportion of costs than applies elsewhere in the system.

The Need for a Study of Tuition Policy. The preceding discussion and recommendations set out in general terms the policy framework that would link the costs to the state of providing a higher education in the public sector, the tuitions charged at public institutions, and the provision of state financial aid to needy students. Missing from the discussion, however, are some specific figures and percentages that would serve to define the policy framework. Without this information, it is not possible to determine what proportion of costs should be met by tuitions in the public sector.

Discussion of these issues is beyond the purview of the Task Force if it is to meet its charge within the allotted time. Without a resolution of these issues, however, it will not be possible to establish a linkage between public sector tuitions and the costs of education. It will also be more difficult to set maximum awards in the General Scholarship Program. The Task Force, therefore, believes it is critical that the Board of Regents examine these issues and report its findings as soon as feasible.

A number of states, especially in the South, have developed policies which link costs with tuitions in a formal and systematic way. Some of these states accomplish this linkage through their budget process, while for others the relationship between costs and tuitions is established outside the normal appropriations process. The Board of Regents' study should examine the variation in these policies as well as the experience of these states since those policies were adopted.

Any study of tuition policy should also include consideration of the cost items to be included in the calculation of instructional costs. Therefore, a study by the Board of Regents of tuition policy in Massachusetts should examine the definition of instructional costs used in the current tuition policy and whether that definition should be changed or modified. Such a study should also include an examination of the instructional costs to educate a student in the independent sector. Any such analysis, however, should be constructed carefully to ensure that comparable items are used to estimate costs in the public and independent sectors.

The Board of Regents' study might also examine other issues related to the cost of education and tuition policies. For example, under current policy, public sector institutions in Massachusetts do not retain any of the tuitions collected from their students. Instead, all of these funds are deposited with the Commonwealth and the institutions are then totally dependent on state appropriations and student fees to fund their activities. While there are many benefits associated with this budgeting approach, there are also distinct drawbacks, including the incentive structure that it presents to individual institutions within the public sector. If the Board of Regents' study examines the relationship between public sector tuitions and costs, it should also analyze the possible impact of allowing institutions to retain all or part of the tuitions collected from their students.

RECOMMENDATION: To implement the recommendations in this section for linking costs, tuitions, and student aid, the Board of Regents should undertake a study of the proportion of public sector costs that should reasonably be met through tuition. Consideration should also be given to the appropriate maximum award levels in the General Scholarship Program in light of the findings of this study. The study should also review what other states have done in developing policies that define the relationship between tuitions and state funding in the public sector, with a consideration of whether public institutions in Massachusetts should in the future be allowed to retain part or all of their tuition revenues.

Encouraging Early Saving for College

Over the past decade, middle income parents have become increasingly frustrated and anxious about their ability to pay for their children's college costs. This frustration and anxiety has been engendered by a number of factors. Tuition and the other costs associated with college attendance have been increasing faster than inflation and incomes in the 1980s. Eligibility for federal student aid programs has been restricted so that families who were once eligible for financial assistance are now excluded. As a result, these parents are being asked to shoulder a larger part of the burden for paying college costs of attendance.

One way in which this increased burden has been met is the growing reliance on student loans as a means for paying for college. The past decade has been marked by the tremendous growth in the use of loans to finance higher education. At the national level, loans have grown five-fold from about $2 billion in 1976 to roughly $10 billion in 1986; in real terms, this represents a tripling in the amount of loans. Across the country, student loans now represent more than half of all the financial assistance available to students enrolled in postsecondary education. A decade ago, loans represented only about one-fifth of all student assistance. In effect, it would appear that some of the traditional responsibility for paying for college has been shifted from parents to the students themselves through the greater use of loans.

This trend toward greater dependence on loans has also been evident in Massachusetts. The total amount of loans in Massachusetts through all sources has grown several fold in the past decade. But unlike national borrowing patterns, the amount of student loans guaranteed by the Massachusetts Higher Education Assistance Corporation has declined in the past several years. The same is true in Massachusetts for the PLUS program which provides federally guaranteed loans to parents and selected groups of students.

To some extent, the decline in GSL and PLUS loan volume in Massachusetts has been offset by the creation and growth of alternative loan sources. Massachusetts has been a national leader in the development of innovative nonfederal loans through programs established by the Massachusetts Educational Loan Authority (MELA), The Educational Resource Institute (TERI), and the New England Education Loan Marketing Corporation (Nellie Mae). The increased use of alternative loans in Massachusetts and other states suggests that there may be some shifting back from students to parents in the financing of college costs, since most loans made under the alternative loan authorities are to parents or require the cosignature of a parent.

One means for minimizing future growth of student debt burdens is to provide more grant assistance, thereby relieving the need to borrow. Another avenue for reducing the reliance on loans is to encourage parents to save more for college when their children are young.

In the economic conditions of the 1980s, however, many parents are finding it increasingly hard to save for their children's college education. Spending demands for food, shelter, medical care, and other necessities are increasing. Federal tax provisions that encourage savings for college were sharply restricted or eliminated in the 1986 tax reform legislation. Saving for college is also discouraged through the financial aid system in that the funds that parents or students save for their college education serve to reduce their eligibility for student financial assistance. This disincentive must be addressed in the future to provide greater encouragement for families to save early for the children's college expenses.

The role of the state should be to stimulate an attitudinal change in the way that families view the importance of early savings for higher education. There are several ways in which the state could act to encourage parents to save more for their children's education. One is to establish a vehicle for college savings for residents of the state, possibly with federal or state tax advantages or other benefits. A further step to encourage savings would be for the state to establish a tuition prepayment plan, in which payments made today would assure parents of some future level of tuition.

To address the question of how to encourage parents to save more for their children's education, Governor Dukakis requested that the Board of Regents examine this issue of savings incentives. In response to this request, a subcommittee of this Task Force was appointed. The subcommittee met through the spring of 1987 and circulated a draft report in July. The final subcommittee report was submitted to the Governor for his consideration in October.

In their report, the subcommittee suggested a two-pronged savings program. First, a college savings bond program would be established in which parents and others could buy small denomination tax-exempt bonds on behalf of their children. The second part of the plan would allow parents to purchase tuition guarantee certificates, redeemable at participating public and independent institutions.

RECOMMENDATION: The state should establish a program that would serve to encourage parents to save more for their children's education. Such a plan might include either or both a savings incentive program and a tuition prepayment component. Any plan that the Commonwealth adopts should complement, and not compete with, the state's student financial aid efforts. It should not be considered a part of the financial aid system, and should not reduce the amount of state appropriations available for financial aid. In short, creation of a savings or tuition guarantee plan should not result in a diversion of state resources away from student aid.

Addressing Labor Force Needs

Higher education plays a critical role in supplying members of the labor force. Doctors, lawyers, engineers, professors, teachers, nurses, and many other professionals all receive their training in a college or university.

Periodically, student aid policies are established that directly seek to influence labor force decisions. For example, loan forgiveness has periodically been offered in federal programs and in a number of states to encourage individuals to enter certain fields of study such as teaching, health professions, or public service. From time to time, fellowship programs are established at either the federal or state level in an attempt to meet the labor force needs in selected fields of study. In addition, a number of states provide student aid through a contract with institutions in order to ensure an adequate number of graduates in designated fields of study.

The history of these programs is that once they are on the books, it is difficult to eliminate them even if the labor force need for which they were established no longer exists. Constituencies tend to develop around a program and continue to be a force after the policy goal has been achieved.

Moreover, the process of establishing whether a labor force need will continue in the future is not a simple one for a variety of reasons. Most notably, salaries may change in response to perceived shortages, thereby addressing the need. Other aspects of supply or demand may change for reasons difficult to predict many years in advance. The net effect is that students who entered a field of study with an implicit promise of a job may be disappointed and bitter if labor force conditions have deteriorated while they were in school.

Assessing Labor Force Needs and Student Aid Adequacy. Even with these caveats, however, it makes sense to attempt to anticipate emerging labor force needs before they occur. Often, a simple adjustment in policy now can prevent a shortage in the future. Similarly, labor force projections will help in identifying government programs that are no longer necessary, thereby saving taxpayers' dollars. Systematic and periodic reviews of labor force needs will lead to a more informed and effective policymaking process.

The Board of Regents currently administers several student aid programs aimed at addressing labor force needs. The Medical, Dental, and Veterinary Program provides small grants to students enrolled in designated fields. The Christa McAuliffe Teacher Incentive Program provides grants to encourage students to enter the teaching profession. The Graduate Nursing Stipend Program was established to help students enrolled in Master's degree programs in nursing. Each of these programs should be reviewed to see whether it continues to address a particular labor force need. Student aid programs for which a need no longer exists should be eliminated or consolidated.

RECOMMENDATION: The Board of Regents, in cooperation with the Executive Offices of Economic Affairs and Human Services, and other appropriate agencies, should periodically examine labor force conditions and educational opportunities in various fields to determine whether a need might exist for special programs in particular courses of study. In making these assessments, state officials should be cognizant of the difficulties entailed in developing labor force projections. Existing state student aid programs that were created to meet labor force needs should be reviewed periodically to assess whether they are still needed in light of changing labor force conditions. All of these programs and any future programs that are established should contain systematic review and sunset provisions so that aid is not provided when the labor force need no longer exists.

Graduate and Professional Education. Graduate and professional education is an area of special importance in Massachusetts, both because the state's knowledge-intensive economy depends so heavily upon advanced training, and because graduate and professional enrollments are disproportionately concentrated in the higher-tuition independent sector. To meet the needs of these students, the state should provide adequate support for graduate students, including part-time students, who can demonstrate financial need.

The Board of Regents currently administers a Graduate Grant Program, which provides institutions with funds for need-based aid to students enrolled in graduate school programs. The Board of Regents also is responsible for administering the Medical, Dental, and Veterinary Program and the Graduate Nursing Stipend Program which provide small grants to students in these fields of study.

These programs of assistance, however, represent a very small proportion of the Commonwealth's total student aid effort. Currently in Massachusetts, aid to graduate and professional students represents only 1 percent of the state's total financial aid funding.

What is missing from the current state effort is a program which helps financially needy students who wish to enroll for advanced degrees. The Medical, Dental and Veterinary Program, for example, assists students in those specialized fields of study only. Similarly, the Graduate Grant Program is intended to meet the financial needs of students in selected fields of study. Is it intentional or inadvertent that needy students in nondesignated fields are ineligible for this form of aid?

The Task Force believes that a preferable approach would be for the Commonwealth to establish a policy of assisting financially needy students in advanced degree programs regardless of their field of study. A means for doing this is to expand the Graduate Grant program into a program to include students in all fields of study for an advanced degree. To qualify for assistance, students would have to demonstrate financial need. In the instances when funding is not sufficient to help all advanced degree students with need, the state should designate graduate fields of study where special needs or labor shortages exist. A program committee could be established to determine the appropriate graduate and professional fields of study which the state considers priorities for financial assistance.

Another means for helping graduate and professional students is to expand their eligibility for work-study funds, especially as it relates to their field of study. Massachusetts residents could get a leg up in their careers if the state were to provide assistance for them to practice in their field before they graduated. State funding of work-study opportunities for graduate and professional school students in their fields of study during the summer or other specified internship period would be one obvious avenue for accomplishing this purpose.

RECOMMENDATION: The Graduate Grant program should be expanded into a single, need-based financial aid program for graduate and professional students. Priority for providing assistance under this program should be directed to graduate and professional students in designated fields of study. Existing state programs that provide aid to graduate and professional students should be consolidated into the expanded Graduate Grant program. As part of the state campus-based assistance programs, work-study funds should be made available to graduate and professional school students for the purpose of allowing them to work during the summer or other internship periods in positions related to their field of study.

In addition to the Graduate Grant and the Medical, Dental, Veterinary Program, the Commonwealth operates a number of incentive grant programs to encourage students to pursue courses of study leading to careers in professional fields of public importance; for example, teaching. In the health professions, there are also contract programs providing state-supported "seats" for Massachusetts students at independent institutions. Both approaches can play valuable roles in expanding educational opportunity and meeting labor force needs. The Board of Regents should work with concerned state agencies to examine labor force needs and educational opportunities in various fields, and initiate or terminate incentive programs where appropriate.

RECOMMENDATION: The Board of Regents should establish a committee to review existing contract agreements to determine whether they continue to be the most appropriate means for implementing state policies in specific labor fields. These contract programs include the Engineering Collaborative Program, New England Board of Higher Education agreements, the Graduate Nursing Stipend Program, and the University of Massachusetts Medical Student agreements.

Teacher Preparation. Reform of teacher education has received much attention in Massachusetts and across the nation over the past several years. In October, the Joint Task Force on Teacher Preparation released its report "Making Teaching a Major Profession" which recommended fundamental changes in the way future teachers will be educated and certified in the Commonwealth. One of the recommendations in the report would require teachers to earn a Master's degree as a condition for full certification. The expectation is that most teachers will meet this requirement through the completion of a clinical Master's degree program in education while they are employed as teachers in a school system.

The expense of an advanced education combined with the uncertainty of securing a teaching position and the relatively low salary scale for teachers will require that financial aid be made available at the graduate level for prospective teachers. Currently, the Christa McAuliffe Program, which offers loan forgiveness to students who agree to teach in the Commonwealth, is available only to undergraduates. Since the recommendation of the Joint Task Force would move much of the training of future teachers from the undergraduate to the graduate level, the Christa McAuliffe Program should be restructured to include assistance to students who pursue graduate study.

RECOMMENDATION: To accomplish the recommendations of the Joint Task Force on Teacher Preparation, the existing Christa McAuliffe Program should be expanded to include graduate students.

Improving Program Effectiveness and Efficiency

The guiding principle of student financial assistance is to provide financial support to those individuals who without such assistance would be denied educational opportunity. Student financial aid has distinguished itself as the key to opening the door to higher education opportunity. But the process of applying for and obtaining aid can be formidable. Often, families are overwhelmed by the aid application forms which are confusing and burdensome. The complexities of identifying resources from the wide variety of existing programs places families and students at risk.

The recent expansion of state financial aid funding has resulted in a proliferation of programs and has further exacerbated this problem. Coupled with the federal programs, Massachusetts families are scrambling for aid from nearly 30 different programs. Colleges and universities, acting as agents for the Board of Regents, are responsible for all of these programs. The administrative burden of fiscal control, program management, and regulatory compliance has become so burdensome and time consuming that aid administrators often find themselves barred from the direct contact with students and families that is so essential to a successful aid process. Also of great concern, one consequence of the layering in administrative requirements may be that some of the neediest students, who happen not to fall into one of the specially targeted programs, may be denied an educational opportunity.

The process of applying for financial assistance should be as simple as possible. To meet the needs of Commonwealth families equitably and effectively, the number of state student aid programs should be reduced. Overlapping programs should be consolidated and programs that have outlived their usefulness should be eliminated.

Tuition Waivers. Tuition waivers at public sector institutions allow institutional officials to target assistance on designated groups of students. Historically, tuition waivers for specific groups of Massachusetts residents have been established either by legislation or by action of the Board of Regents. Over time, the number of these tuition waiver provisions has multiplied. But little effort has been made to ensure that state funds are properly targeted on needy students. Nor has there been a review of the proliferation of these efforts; there are now more than a dozen tuition waiver provisions. The need based tuition waivers awarded by public sector institutions amounted to approximately $10 million in foregone tuition revenue in Fiscal 1988. Many students who are granted tuition waivers also receive General Scholarship awards. Conversely, other tuition waivers are granted to students who might not qualify for other forms of student financial aid.

State funds might be better utilized if the various tuition waiver provisions were consolidated into one program. Provision could be made to ensure that designated groups of students would continue to be eligible for waivers under a consolidated approach.

Tuition waiver provisions should also be periodically reviewed to ensure that the various groups of students who qualify continue to be a reasonable target of assistance. In those instances where targeting of aid cannot be justified, the eligibility for waivers should be restricted or eliminated.

RECOMMENDATION: The various tuition waivers that now exist in the public sector should be consolidated into a single tuition waiver program for the public sector institutions. A policy statement and guidelines should be developed to ensure that resources used for tuition waivers will be targeted on needy students and designated student groups. In no case should a tuition waiver in combination with other forms of state and federal grant assistance exceed a student's need.

Gilbert Matching Scholarship Grant Program. Currently, two programs distribute state resources directly to independent colleges and universities for the purpose of providing student financial aid to their students. The largest of these programs is the Gilbert Matching Scholarship Grant Program, in which participating independent institutions receive funds to provide aid to needy undergraduate students as a match to the institutional financial aid they provide. This program, initiated in Fiscal 1978, currently provides matching dollars to 78 Massachusetts independent institutions.

In Fiscal 1976, the Consortium Scholarship Program was established to provide students with greater opportunity to pursue academic programs in the independent sector that were not available through public higher education in Massachusetts. Funding is allocated to participating independent colleges and universities in five regional consortia with awards for needy students ranging from $500 to $1,000.

The Consortium Scholarship Program was established at a time when the Gilbert Matching Grant Program did not exist and state funding for the General Scholarship Program was extremely low. Since that time the Gilbert program has grown into a $9.2 million effort in Fiscal 1988, while the Consortium Scholarship Program currently amounts to $600,000 annually. Awards to independent colleges under the Consortium Scholarship Program are scant, with funding spread among some 25 participating institutions. More than half of the participating independent colleges receive under $20,000 in Consortium Scholarship funding. Further, this program has not been recently evaluated to determine whether the original intent has been satisfied through growth in specific public sector academic program offerings.

The growth in funding for the General Scholarship Program as well as the emergence of the Gilbert program as a significant vehicle for serving needy Massachusetts residents attending independent sector institutions suggests that state funds might be better utilized if the Consortium Scholarship Program were consolidated within the Gilbert Matching Grant Program. Under this approach, needy students at a greater number of independent institutions would receive the benefit of the additional funding. Provision could be made to ensure that needy students who received aid under the Consortium program would continue to be eligible under the consolidated approach. The provisions of the Gilbert Matching Grant Program should be periodically reviewed to ensure that students continue to qualify for aid on the basis of need.

RECOMMENDATION: The Consortium Scholarship Program should be consolidated with the Gilbert Matching Scholarship Grant Program, with the current funding for the Consortium program folded into the state allocation for the Gilbert program.

Consolidating Other Campus Based Grant Programs. The Board of Regents currently administers a number of student aid programs in which public and independent colleges and universities receive state funds for the purpose of providing financial aid to needy students. These campus-based aid programs in Massachusetts include Part-Time Student Grants, the Adult Learner Program, the Educational Employment Program, and the Dedicated Grant to the National Direct Student Loan Program. The funds provided to institutions in each of these programs are allocated on a different formula basis. In a number of instances, an individual educational institution cannot fully meet the needs of its students under one program, but is unable to use all the funds it receives in another. As a result, state funds are not fully utilized and the needs of many eligible students remain unmet.

A better result might occur if many of these programs were consolidated. Institutions would be able to formulate packages of state aid for students that involved a combination of grants, work, or loan assistance. If an institution enrolled more of one type of student than another, it could shift funds among these groups of students, as long as a student met the basic criterion of financial need. The flexibility that would result from a consolidated campus-based approach would increase the ability of financial aid administrators to target aid on needy students at their institutions.

The Task Force suggests that these existing campus-based programs be consolidated into one new Regents Grant Program. Funds in the various programs would be provided to public and independent institutions through a single funding formula. With this allocation, educational institutions would be able to provide grant, work study, or loan assistance to students who qualify on the basis of need.

To maintain a relationship with the purposes for which the current programs were established, the funding formula for the consolidated campus-based program should include a recognition of the numbers of part-time students and adult learners on each campus. In addition, guidelines should be developed to ensure that designated groups of students would receive a stated percentage of the funds provided to each institution.

RECOMMENDATION: The various state programs that currently provide student aid funds through institutions should be consolidated into a single Regents Grant for Campus-Based Assistance Program. Educational institutions would receive a single allocation from the Board of Regents to provide grant, work-study, or loan assistance to needy eligible students. Guidelines should be developed to ensure that eligible student groups including part-time students, adult learners, and graduate students receive a reasonable percentage of the funds provided to each institution. The Board of Regents should carefully monitor spending at participating campuses to ensure that the Commonwealth's commitment to needy students continues to be met.

Additional Consolidation Proposals. In addition to the campus-based programs, a number of other state student aid programs could be consolidated. For example, the Board of Regents currently administers two programs that provide funds to students whose parents were public servants killed in the line of duty. These two programs -- the Fire, Police, and Correction Scholarships and the War Orphans Program -- might reasonably be consolidated into one.

RECOMMENDATION: The various programs that provide a full scholarship to the children of public servants killed in the line of duty should be consolidated into one program.

Similarly, the state currently administers two merit-based programs in which the size of the award is totally unrelated to the amount of the recipient's financial need. The Honor Scholarship Program and the Commonwealth Scholar Program might reasonably be merged into one. Moreover, a financial need component might be introduced; that is, students would continue to qualify on the basis of merit but the amount they received would be based on financial need.

RECOMMENDATION: The two state programs that provide merit-based awards -- Commonwealth Scholar and Honor Scholarships -- should be combined. In addition, a need-based component should be introduced so that students would continue to qualify on the basis of merit but the amount they receive would be based on financial need.

Better Data Collection, Analysis, and Reporting. In the preparation of this report, the Task Force has become keenly aware of the need for better data in order to understand the condition of higher education and student aid in Massachusetts. Often in its deliberations, it became apparent that existing data on enrollments, costs, the distribution of aid dollars, and other important concerns were insufficient to make informed judgments.

Improved program management dictates the improvement in the collection and analysis of data on higher education and student aid in the Commonwealth. Future college-bound populations will be significantly different from those currently attending. A growing percentage of students will be minority, women, single heads of household, part-time, and older, for example. These potential students will not only have special academic needs but additional financial needs as well. Financial aid data systems at the public and independent colleges and universities and at the Board of Regents will have to be better integrated with enrollment systems in order to track these students.

Furthermore, there is a need to develop analytic tools that will assist in evaluating the effects of financial aid on the broad array of educational variables including retention/attrition, academic performance, selection of an institution and program, successful progress towards the degree, and post-collegiate outcomes.

RECOMMENDATION: **The Board of Regents should increase the resources it devotes to data collection and analysis of enrollment trends and student aid programs. Particular emphasis should be placed on determining the demographic and socioeconomic characteristics of students and student aid recipients in Massachusetts, particularly those who are state residents. It would also be helpful to analyze the enrollment patterns of state high school graduates by the various factors mentioned above. Results of these analyses should be published promptly.**

APPENDICES

APPENDIX A

CHARGE TO THE TASK FORCE

The Task Force, established by the Chancellor of the Board of Regents of Higher Education, is charged with recommending a state-wide long-range financial aid plan based upon sound practices and procedures for Commonwealth residents to pursue higher educational opportunities. Specifically, the Task Force should accomplish the following:

1. Develop a state-wide policy of financial aid which ensures that all citizens of the Commonwealth, who have potential for higher education, will not be denied access because of financial need.

2. To review all existing financial aid programs, including the indexing methodology governing eligibility for the need-based General State Scholarship Program, and to determine whether or not there is unnecessary duplication; further, to give specific attention to ensure that the following needs are addressed: the historically limited funding for graduate students, the increased enrollment of part-time students, the desirability of merit programs, and the increased debt burden of college graduates.

3. To determine and recommend, if appropriate, a policy governing the equitable distribution of financial aid for public and independent colleges and universities that takes into consideration the wide variety of institutions in the Commonwealth.

4. In addition, the Task Force will review, at the request of the Governor, the feasibility and need for a state supported tuition guarantee program to assist families to meet the rising cost of higher education in pre-college rather than post-college years.

The Task Force will forward the state-wide Financial Aid Policy Recommendations to the Academic, Faculty, and Student Affairs Committee for review prior to final approval by the Board of Regents.

APPENDIX B

CURRENT STATE STUDENT AID PROGRAMS

MASSACHUSETTS STATE SCHOLARSHIP PROGRAM: INTRODUCTION

The Board of Regents administers a variety of programs providing financial assistance to students attending both public and independent institutions in Massachusetts. The programs range from need-based to legislated entitlement programs. Awards under some programs are made directly to students while in others funds are allocated to colleges and universities for distribution to students.

I. APPROPRIATED SCHOLARSHIP/GRANT/LOAN PROGRAMS

A. NEED BASED

Need-based assistance is awarded using demonstrated financial need as the only determinant. The following programs are need-based.

GENERAL SCHOLARSHIP PROGRAM

Initiated FY 1957

The General State Scholarship Program is Massachusetts' largest financial aid program. Awards are available to eligible undergraduate students and are not automatically renewable.

Requirements

- Financial need as determined from the Massachusetts Financial Aid Form (MFAF).
- Enrollment full-time in an eligible post-secondary program at an eligible institution.
- U.S. citizen must be a permanent legal resident of Massachusetts for at least 12 months.
- Non-citizen as defined by federal guidelines for financial aid eligibility.
- The student has not earned a baccalaureate degree.
- The student has maintained satisfactory academic progress in accordance with the standards of the college/university.

General Scholarship awards may be used by Massachusetts students at institutions in eight reciprocal states (those states which allow their scholarships to be used in Massachusetts). Award values for 1987-88 range from $200 to $3,100 depending upon the cost of education and student financial need.

MEDICAL, DENTAL AND VETERINARY SCHOLARSHIP PROGRAM

Initiated FY 1958

Provides aid to Massachusetts residents enrolled in M.D., D.M.D., D.D.S., and D.V.M. programs at approved colleges and universities. Awards are available for up to five years but are not automatically renewable. Award values for 1987-88 range from $200 to $5,800 depending upon the cost of education and student financial need.

CONSORTIUM SCHOLARSHIP PROGRAM

Initiated FY 1976

Provides students with an opportunity to pursue programs in the independent sector that are not presently available in the Massachusetts public sector. Funds are allocated to the participating independent colleges/universities in the five consortia (Worcester, Springfield, Southeastern Massachusetts, North Shore, and Pro Arts). Awards range from $500 to $1,000.

CHRISTIAN A. HERTER MEMORIAL SCHOLARSHIP PROGRAM

Initiated FY 1971

The Board of Regents annually selects 25 tenth and eleventh grade Massachusetts residents who have a combination of high financial need, disadvantaged background factors, and evident promise for post-secondary work. The special role of this program is to assist individuals who are contending with difficult conditions and financial problems but who show ability and motivation to persevere despite such obstacles. Herter awards pay up to 50 percent of a student's annual educational budget.

GILBERT MATCHING SCHOLARSHIP GRANT PROGRAM

Initiated FY 1978

Provides matching funds to participating Massachusetts independent colleges and universities to render financial assistance to needy Massachusetts undergraduate students. Maximum award is $2,500.

MASSACHUSETTS GRADUATE GRANT PROGRAM

Initiated FY 1984

Provides funds to participating Massachusetts public and independent colleges/universities for direct financial assistance to needy Massachusetts graduate students. Students may receive a maximum of $2,000 for attendance at a public college or university and $4,000 for attendance at an independent college or university.

MASSACHUSETTS DEDICATED GRANT TO THE NATIONAL DIRECT STUDENT LOAN PROGRAM

Initiated FY 1984

The purpose of the program, formerly known as the Low Interest Student Loan Program, is to increase low interest loans to Massachusetts undergraduate students. Funds are allocated to participating Massachusetts colleges and universities for their distribution to eligible students. Maximum annual loan is $3,100.

MASSACHUSETTS ADULT LEARNER PROGRAM

Initiated FY 1984

Makes funds available to participating Massachusetts public and independent colleges/universities for financial assistance to head of household AFDC recipients with children. After the head of household with dependent children AFDC recipient pool has been exhausted, eligibility is granted to all remaining categories of AFDC recipients. Maximum award is $3,100 per year.

PART-TIME STUDENT GRANT PROGRAM

Initiated FY 1987

Funds are allocated to participating colleges and universities for their distribution to eligible students pursuing part-time studies. Maximum award is $1,000 per academic year.

MASSACHUSETTS EDUCATIONAL EMPLOYMENT PROGRAM

Initiated FY 1984

Provides funds to participating Massachusetts public and independent colleges and universities for financial assistance through student employment opportunities. This state-sponsored work-study program is modeled on the federal program to provide employment opportunities related to the student's field of study in either the public or private sector.

GRADUATE NURSING STIPEND PROGRAM

Initiated FY 1987

Established to assist students pursuing a Master of Science degree in nursing at non-public institutions of higher learning located within the Commonwealth. Program guidelines include provisions for residency and payback requirements. Funds are allocated to participating independent colleges and universities for their distribution to eligible students. Each Nursing Grant provides a stipend equal to 75 percent of the total tuition cost of the specific institution.

B. NEED AND MERIT BASED

The following program considers both financial need and academic merit as the eligibility criteria. Financial need is measured by the Financial Aid Form while academic merit is assessed by such factors as grade point average, class rank, and extracurricular activities.

CHRISTA MCAULIFFE TEACHER INCENTIVE GRANT PROGRAM

Initiated FY 1985

Provides grants for the cost of education for students attending a Massachusetts college or university. Students must agree to teach full time in a Massachusetts public educational system for a number of years equivalent to the number of years a grant is received. Payback commences after the student has fulfilled all graduation requirements. Students attending a participating Massachusetts public college may receive $1,000 per year while those attending a participating Massachusetts independent college may receive $2,000 per year.

C. MERIT BASED

HONOR SCHOLARSHIP PROGRAM

Initiated FY 1967

Honor Scholarships are awarded to the four applicants with the highest Scholastic Aptitude Test (SAT) scores in each Massachusetts senatorial district who will attend a Massachusetts public four year college or university. The award equals the cost of tuition.

COMMONWEALTH SCHOLAR PROGRAM

Initiated FY 1985

Provides grants to outstanding high school seniors who plan to attend a Massachusetts college/university. The Board of Education nominates to the Board of Regents candidates for awards. Maximum grant is $1,000.

D. ENTITLEMENT SCHOLARSHIPS

FIRE, POLICE AND CORRECTIONS SCHOLARSHIP PROGRAM

Initiated FY 1966

A student whose parent's death occurred in the line of duty as a police, fire, or corrections officer is eligible to receive the cost of tuition at any Massachusetts public college or university for up to four years of undergraduate study. Awards are for the cost of tuition.

WAR ORPHANS PROGRAM

Initiated FY 1946

This program provides financial assistance to students who are children of deceased veterans when the parent's death was service credited to Massachusetts. Maximum award is $750 per year, as reimbursement of educational expenses for up to four years.

II. TUITION WAIVER AWARDS

Tuition Waiver awards, unlike the Scholarship, Grant, and Loan Programs, do not involve a direct appropriation of funds. The tuition waiver, instead, represents a loss of revenue to either the campus or the Commonwealth.

Similar to the scholarship awards, tuition waiver awards are granted on the basis of need, need/merit, or entitlement and are available only in the public sector.

A. NEED BASED

TUITION WAIVER PROGRAM

Initiated FY 1981

The Tuition Waiver Program helps to ensure that students most in need receive the most assistance in counteracting tuition increases. The policy is as follows:

- Community Colleges may waive tuition equal to 9 percent of their tuition revenue from resident undergraduate students.
- State Colleges and universities may waive tuition equal to 5 percent of their tuition revenue from resident undergraduate students.
- An emergency reserve is established by the Board of Regents to assist campuses with extraordinary unmet need.

Individual waiver awards to students may range as high as the actual cost of tuition.

B. NEED/MERIT BASED

TALENT TUITION WAIVER PROGRAM

Initiated FY 1985

Tuition waivers equal to 1 percent of each public campus's tuition revenue may be awarded to students of exceptional talent with or without regard to financial need. These waivers may be granted to resident or non-resident students, but no more than half of the total dollar value of waivers allocated to each campus under this program may be awarded to non-residents. Talented students may be granted full or partial tuition waivers under this program.

C. ENTITLEMENT TUITION WAIVERS

UNEMPLOYMENT TUITION WAIVER PROGRAM

Initiated FY 1984

In recognition of its responsibility to provide assistance in the training of the unemployed citizens of the Commonwealth, the Board of Regents established a tuition waiver program. Eligibility is restricted to Massachusetts residents receiving unemployment benefits and who remain unemployed. Eligible students may enroll at participating public colleges and universities and receive a tuition waiver for up to 11 credit hours maximum if still receiving unemployment benefits. Those who have exhausted their benefits may enroll as full-time students.

MASSACHUSETTS NATIONAL GUARD EDUCATIONAL ASSISTANCE PROGRAM

Affords members of active units of the Massachusetts Army or Air National Guard the opportunity for four years of post-secondary education in a Massachusetts public institution. To be eligible, a person must be an active member in good standing of an active unit of the Massachusetts Army or Air National Guard and remain a student in good standing at a Massachusetts public institution in a course the cost of which is borne by the Commmonwealth. The student must be enrolled in a degree program. The cost of tuition is waived.

AMERICAN INDIAN WAIVER PROGRAM

Thirty tuition and mandatory fee waivers are awarded annually to Native American Indians. Students who are American Indians, as identified by the Bureau of Indian Affairs, qualify for participation. The cost of tuition and mandatory fees at public colleges is waived.

VIETNAM VETERANS TUITION EXEMPTION PROGRAM

Provides four years of post-secondary education in a Massachusetts public institution to Vietnam veterans whose military service in the U.S. armed forces was credited to Massachusetts. An eligible student may attend classes tuition free for up to 30 semester hours yearly for up to four years if enrolled in a course creditable toward a certificate or degree.

SENIOR CITIZENS TUITION EXEMPTION PROGRAM

Persons sixty years of age or over may attend a Massachusetts public college or university tuition free, provided the college or university is not overenrolled.

POLICE/FIREFIGHTERS TUITION EXEMPTION

A member of a police or fire department who is recommended by the superior officer may attend a Massachusetts state college tuition free. Each police officer or firefighter who enrolls in a state college under the provisions of this Act must agree to remain in full-time employment for as many years as he/she had been aided by the city or town.

APPENDIX C

SUMMARY OF PENDING STUDENT AID LEGISLATION

S. 199 - Female household heads, tuition waiver

Tuition waivers would be provided to female heads of household for one course per semester at state colleges and universities.

S. 203 - Loan interest subsidy program, health education

Would direct the Regents to set up a loan interest subsidy program for certain students in medicine, dentistry, osteopathy, podiatry, optometry, pharmacy, veterinary medicine, and the allied health professions. The Regents would establish a fund, administered by the Massachusetts Higher Education Assistance Corporation (MHEAC), out of which would come the interest subsidy payments.

S. 209 - Minority students, support services

Support services would be available to bring up the graduation rate of minority students to a rate comparable to that of non-minority students in public institutions of higher education.

S. 218 - Funding tuition waiver programs

Would assure funding for certain tuition waiver programs affecting continuing education at public higher education institutions.

S. 289 - Math and science teachers, loan assumption

State would assume education loans for math and science teachers and for teachers of designated subjects where there is a shortage.

H. 720 - Teachers, tuition waiver

Would allow any individual now teaching in Massachusetts to take courses at any higher education institution in Massachusetts at no tuition charge.

H. 911 - New teachers, loan forgiveness

Would provide education loan forgiveness for new teachers committed to teach at least five years.

H. 1128 - Geriatric training, program and scholarships

Would provide state scholarships to individuals who will practice as geriatricians for at least 10 years in Massachusetts. Would establish academic program for training doctors in geriatrics specialties.

H. 1653 - Foster parents, tuition reimbursement

Commissioner of Social Services would establish a tuition reimbursement program for foster parents enrolled in and completing up to two courses per semester at a public higher education institution.

H. 1943 - Total financial aid as needed

Would require the state to provide a scholarship for each Massachusetts resident attending a higher education institution in Massachusetts for all educational and noneducational expenses which the student cannot meet from other resources.

H. 1954 - Relatives of public educators, tuition waiver

Would require a Regents' program waiving tuition and fees for public higher education students who are spouses or dependent children of employees of school committees or the Board of Regents.

H. 2292 - South African and Namibian students, scholarships

Would provide 25 scholarships for South African and Namibian students for undergraduate and graduate study. Annual awards for up to four years of undergraduate and two years of graduate study, up to $7,500 a year, not to exceed the cost of tuition, fees, books, room, and board. Recipients would be eligible to receive other aid. The Chancellor will develop guidelines for selection of the students.

H. 2726 - McAuliffe teacher incentive, graduate students

Would provide grants for tuition and fees by the Board of Regents for undergraduate and graduate students who will teach in Massachusetts after graduation. Current program assists only undergraduates.

H. 2931 - Ready reserves

Members of Ready Reserves of Armed Forces would be allowed an exemption from 50 percent of fees and tuition at state institutions on a "seat-available" basis. Students must be enrolled in a state-supported program.

H. 3137 - Public library employees, loans and grants

Would establish a program of loans and grants for Massachusetts residents employed by public libraries and pursuing a Master of Library Science degree in a public or independent college. Payback provisions are included. Loans would be forgiven if the student agreed to work in a Massachusetts public library after graduation.

H. 3842 - State Scholarships based on academics rather than need

Under the current law for the state's general scholarship program, awards now go to students "in need of financial assistance." H. 3842 would change the law so that the general scholarship awards would be "based solely on academic performance."

H. 3844 - Study tuition waiver policy

Would direct the Board of Regents to study tuition waiver policy and costs, a report to be filed by September 3, 1987.

H. 3456 - All wartime veterans, Grenada and Lebanon veterans, tuition waiver

Would waive tuition of U.S. veterans of any war who were Massachusetts residents at the time of service and all veterans of the invasion of Grenada or the peacekeeping mission in Lebanon.

H. 3650, H. 1496 - Benefits for children of POWs, MIAs, and certain other deceased servicemen

Would provide that the children of servicemen killed in military hostile action may attend university extension courses free of charge, for not more than four years. (Though not defined here, "military hostile action" is intended to include, for example, the air disaster in Newfoundland last December.) Section 3 would amend the law (s.7F, c.69) providing scholarships covering tuition for children of POWs or MIAs of Southeast Asia.

H. 4517 - Spouses of policemen and firefighters killed in line of duty

Current law provides for tuition scholarships for children of firefighters, police and correctional officers dying in performance of duty. H. 4517 would expand the law to cover the spouses of such officers.

H. 4674 - Foster parents, tuition waiver

Would waive tuition for foster parents attending a public higher education institution as long as the school is not overenrolled and the person qualifies for entrance.

H. 5058 - Future Corps community workers earn future education

Would establish a Future Corps Program of grants from the Chancellor of the Board of Regents for public service projects administered by local government units and community-based organizations. Projects would be aimed at meeting local human needs. "Future Corps workers" on a project generally would work two years and would be compensated by both the state and the project agency. While serving as a Future Corps worker, such person would receive a subsistance allowance. After finishing as a Future Corps worker the person would use the rest of his earnings from the Future Corps project toward a college, or comparable technical, education. The intent is that each such person would have earned enough beyond the subsistence allowance to be able to pay for the equivalent of four years of public college education. It is also intended that participants would be exposed to, and experienced in, human service work and community needs, and such persons could form a future corps of workers which society would need.

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H. 298, H. 1132, H. 2723, H. 3846, H. 4520 - Police and firefighters, tuition waiver expanded

Current law requires the state to pay tuition costs for certain police officers and firefighters in a four year degree program at a state college. They must be regular members of their local police or fire departments, recommended by their superiors, and must show sufficient ability on a competitive admissions exam. After completion of college, they must remain full time at their job for as many years as they were aided under the program. These bills would make the program apply to state universities and community colleges, while H. 2723 also includes private colleges with comparable tuition.

S. 278, H. 502 - Expand veterans continuing education waivers and allow for state funding

One part of section 16 of chapter 15A of the General Laws allows public higher education continuing education courses to operate only at no expense to the state. (Essentially the continuing education programs must be self-supporting, paid for by tuition received for such programs.) The first part of these bills would strike the prohibition against state expense and substitute a provision saying such courses cannot require a separate state appropriation.

Another part of the same current law allows tuition waivers for qualified Vietnam veterans taking such courses. These bills would provide such waivers for any qualified veterans.

H. 294, H. 730, H. 1956, H. 4193 - Vietnam veteran tuition waiver

Would extend the waivers to those Vietnam veterans whose service was credited to Massachusetts but who have been deemed Massachusetts residents for at least two years.

H. 2932 - McIntyre Scholarship Program

Would establish the James A. McIntryre Tuition Aid program administered by the Regents, to aid needy municipal junior college students by reducing their tuition. The total of such assistance shall not exceed one-half tuition costs for 1986-87 school year.

Recommendations of Chancellor Franklyn G. Jenifer

to the
Board of Regents of Higher Education

on the Report of the
Task Force on Student Financial Aid

February 2, 1988

INTRODUCTION

Eleven months ago, the Board of Regents asked a distinguished group of public and independent college presidents, representatives from the legislature and administration, business and community leaders, students, and financial aid policy experts to examine the current array of financial aid programs and to recommend a financial aid policy for the future. Over the past several months, this 25-member Task Force on Student Financial Aid has debated a series of issues which, I believe, strike at the very core of the basic mission of higher education. Under the leadership of Chancellor Joseph Duffey, the Task Force has proposed a broad policy framework to essentially expand opportunity for higher education to needy Massachusetts residents.

I know of no issue more fundamental in higher education today than the provision of financial aid to citizens who have both the ability and desire to pursue a higher education, but lack the economic means to obtain its benefits. The policy put forth in the Task Force Report, I believe, would enhance access and improve the delivery of aid to students. More importantly, for the first time in the history of the Commonwealth, we now have a comprehensive public policy which integrates the many aspects of student financial aid.

The policy outlined in this report will also provide a basis to assist the Regents and the Joint Committee on Education to evaluate pending and future legislative proposals on student aid. In fact, last March as a sign of their commitment to a policy approach, the Joint Committee on Education chaired by Senator Kraus and Representative Paleologos referred to the Board of Regents all pending student aid legislation.

The composition of the Task Force attempted to ensure that a wide range of interests were brought to bear on the development of this important document. I have also sought the advice and comment of others outside of the Task Force arena prior to bringing my recommendations before you. The Task Force report was circulated widely for comment to public and independent college and university presidents in the Commonwealth, the financial aid community, students, and selected national financial aid policy experts. Over the past month, I have personally met with the Council of Public College and University Presidents, union leaders, various student organizations, and an advisory group of financial aid administrators to discuss the report and listen to their response.

The advice and input that I have received from those who commented was extremely helpful in formulating my recommendations regarding the report. While commenters raised concerns with certain aspects of the report, I believe there is general agreement with the overall financial aid policy recommended by the Task Force. Although each point raised by individual commenters has not been specifically cited in my comments to you, I have attempted to discuss the general thrust of the response and have reflected any major concerns in the content of my recommendations.

The report constitutes a milestone in Massachusetts higher education policy. It is a bold and complete set of recommendations which I believe, on the whole, will help many of our citizens realize the benefits of higher education both now, and for many years to come. I want to officially thank Chancellor Duffey and all the members of the Task Force, Arthur Hauptman, a consultant who drafted the document, and all those who provided comments on the report for their dedication to this project. The Task Force has addressed its charge by advancing an innovative policy framework that is worthy of the Board's fullest consideration.

TOWARD A FINANCIAL AID POLICY FRAMEWORK

Outlined in the report are six broad issue areas which I would contend are crucial for ensuring the future adequacy of student aid in Massachusetts. These six areas establish the framework for our efforts toward greater participation in higher education through student financial aid.

• Increasing the Participation of Underserved Student Populations

Providing access to those in our society who have been unable to reap the benefits of higher education must be our foremost financial aid priority. The Task Force focused much of their attention on the economically disadvantaged, and, specifically those groups of students who have been historically underserved in higher education. I strongly concur with the Task Force assessment that despite the dramatic funding growth for financial aid in recent years, many groups of students, especially minorities, adult learners, and part-time students, have not realized our primary goal of equal opportunity in higher education. The recommendations of the Task Force would define a policy for increasing their participation.

• Providing the Necessary Support Services and Information

Studies throughout the country have shown that true participation of disadvantaged students in higher education cannot simply be measured in terms of opening our doors through financial aid. The Task Force has appropriately recognized that a financial aid policy which only improves access by providing grant aid may be doomed to fail unless the participation of disadvantaged students can be sustained through graduation. The Task Force has set forth an innovative linkage of support services with financial aid which I believe may help to raise the aspirations and achievements of these students. Additionally, the information efforts proposed by the Task Force are essential if we are to reach out into the homes and workplaces of those students who have not previously considered higher education to be financially attainable.

• Linking Costs, Tuitions, and Financial Aid

Clearly, this part of the report forms the cornerstone of the financial aid policy put forth by the Task Force. I sincerely believe that establishing some linkage between the costs of education, the tuitions charged, and the availability of financial aid resources must be the fundamental tenet on which we base financial aid policymaking.

What the Task Force report makes clear is that tuition and fees per se are not the measure of the barriers to access that needy students face. Instead, it is the difference between what a needy student is charged for tuition and fees and what that student receives through the General Scholarship Program that is the real barrier to access in public higher education. The Task Force proposes to eliminate that barrier by moving to a system in which the maximum General Scholarship award equals at least 100 percent of the tuition and fees in the public sector. Such a formula would operate with or without increases in tuition and fees. If tuition and fees in the public sector increase, then the aid formula would ensure that the neediest students are held harmless.

Another important and, I believe, unique recommendation in the report would limit the maximum award that the neediest Massachusetts residents may receive to attend an in-state independent college to the taxpayer cost of educating a student in the public sector. This methodology would not change the distribution of financial aid dollars between the sectors, but would establish a mechanism for distributing financial aid based on a needy student's average total costs to attend either a public or an independent institution.

I want to emphasize that the Task Force report, contrary to some press reports, does not call for a tuition increase in the public sector. That was not part of the Task Force's charge or purview. The report does call for a major study by the Board of Regents that would try to make sense out of our current system of tuition and fees. I agree with the need for such a study and, with your support, plan immediately to initiate that study.

The Task Force recognized that a rational and effective tuition policy must include recognition that students should pay a fair share of their costs of education; a share that reflects the benefits that a student receives from obtaining higher education in the Commonwealth. It is also important that the state and federal governments contribute a share of the costs which reflects the benefits of having a better educated citizenry.

Critical to this approach is that we first provide a safety net for students who cannot afford to pay the costs of their education. Financial aid is that safety net, and I believe the Task Force recommendations represent, on the whole, a giant step in the direction of closing holes in the current set of financial aid programs. This must be accomplished before we initiate any substantive discussion of tuition policy reform.

- **Encouraging Early Savings for College**

The recurring theme of the Task Force report is the focusing of our state financial aid efforts on those who have economic need and might otherwise be denied a postsecondary education. However, the Task Force also firmly recognized that with the rising price of a college education and the budgetary realities for financial aid funding, many families in the Commonwealth have been squeezed out of the financial aid picture. I concur with the Task Force assessment that a plan should be made available which would assist those families who do not qualify for need-based aid to save more and earlier for their children's college education.

- **Addressing Labor Force Needs**

The Task Force concluded that certain programs for financial aid should take into account labor market and other public policy needs of the Commonwealth. Labor market conditions, of course, play some role in the decisions of individuals to pursue various programs of study at the undergraduate and graduate and professional school levels. The Task Force further recognized that existing programs created with the intent of relieving a state need for graduates in a particular field may have, in some cases, outlived the need that once existed. I agree with the Task Force's conclusion that a single program to serve this public purpose should remain, and that if future aid programs are created to address a particular labor need, those programs should contain sunset provisions and be periodically reviewed to ensure that the program remains necessary despite possible changes in the future economic conditions of the Commonwealth.

- **Improving Program Effectiveness and Efficiency**

In recent years, with the dramatic funding growth for student aid, the number of state financial aid programs has also proliferated. Families and students often express to me their confusion over possible sources of aid and frustration with the complexity of the application process.

The Task Force sets out a plan for reducing the number of state student aid programs without eliminating the eligibility of deserving students. I have been concerned since first coming to Massachusetts about the complexity of the student aid structure. I believe that the Task Force's approach represents an important first step toward improving program efficiency and providing better access to financial aid for needy students.

CHANCELLOR'S RECOMMENDATIONS ON THE TASK FORCE REPORT

The six areas which I have discussed delineate the basic components of the Task Force's financial aid policy. At this point, it is important that I outline my response to each of the recommendation of the Task Force and offer my own recommendations for action by the Board of Regents.

Task Force Recommendation

> **The indexing procedure first implemented in Fiscal 1988 should be continued. It represents a significant improvement in providing both access and choice over the previous system of flat awards. The indexing procedure should be evaluated and modified if necessary to ensure that General Scholarship funds are targeted on the neediest students.**

I am in full agreement with the Task Force that the indexing procedure be continued. The comments that I have reviewed also strongly support the use of indexing in determining General Scholarship awards. This system ensures that the amount of a student's award is directly related to the cost of attendance and the family's ability to pay. Although the indexing methodology of granting awards has been only recently introduced (Fiscal 1988), the data from our office as displayed in the report indicate that the neediest students had their financial need reduced significantly under indexing. However, it is still premature to determine the total impact of this new system. The indexing system must be carefully monitored to ensure that over time, the true needy students are appropriately identified and that state scholarship aid is focused on the neediest. I am therefore of the belief that the indexing methodology should be annually reviewed by the Board of Regents Financial Aid Advisory Committee, and that their recommendations be submitted to the Chancellor and that he advise the Regents of any necessary changes.

Chancellor's Recommendation

> **That the Board of Regents endorses the continuation of the indexing procedure first implemented in Fiscal 1988 and directs the Chancellor to report annually on the impact of indexing on the student aid population and any recommendations for change.**

Task Force Recommendation

> **The State should establish a Supplemental award within the General Scholarship Program to encourage the greater participation of the most economically disadvantaged students in higher education. The supplemental award would increase the General Scholarship for students coming from families with no ability to contribute to college expenses. In no case, however, should the General Scholarship award in combination with Pell Grant exceed the determined need of the student.**

I support this recommendation. As the Task Force noted, although indexing has decreased the amount of unmet need for the neediest students, the remaining need for these students after receiving Pell Grants and State Scholarship awards is still substantial. This is a very disturbing fact, especially since demographic projections for the next 15 years show that the college-age and 25 to 35-year-old population of Massachusetts will be increasingly composed of minorities, immigrants, and single parent mothers. The majority of these individuals will be of lower income status. When this is contrasted with the fact that the vast majority of the new jobs created in the Commonwealth during this period will require some degree of postsecondary education, it becomes obvious that if we cannot make higher education affordable to these populations, then the economic benefits of the "Massachusetts miracle" will be lost for them. This loss will make it exceedingly difficult for Massachusetts to meet its future labor needs and may produce dramatic economic and social stratification. Nearly all who have commented on the Task Force's report support this recommendation. I believe it to be one of the most fundamentally important recommendations of the Task Force.

Chancellor's Recommendation

> **That the Board of Regents endorses the establishment of a supplemental award within the General Scholarship Program to encourage the greater participation of the most economically disadvantaged students in higher education and directs the Chancellor to take all necessary steps to implement this recommendation.**

Task Force Recommendation

> **Part-time students (including adult learners) should be eligible on the basis of need for assistance under a state-funded program centrally administered by the Board of Regents. Part-time students would apply for aid through a process similar to that used in the general Scholarship Program, but funding for the part-time student program would be separate and distinct. The General Scholarship Program would continue to be available only to full-time undergraduates. Initial funding for the part-time student program should be drawn from the funds presently allocated to the existing Part-Time Student Grant and the Adult Learner Programs.**

I am supportive of the major thrust of this recommendation which would expand the current Part-Time Student Grant Program. However, several reviewers, including Presidents and members of the financial aid community, while extremely supportive of aid to part-time students, have raised concerns regarding the methodology that would be used to establish eligibility for this program; specifically whether or not the program would operate more efficiently on a centralized or decentralized basis. I support the general premise of the recommendation because college students of tomorrow will be increasingly older and attending college on less than what we presently consider full-time. Currently, these students have few sources of financial aid available to them, and yet many of them need such assistance in order to attend college. If these students demonstrate need, then I see no reason to deny them aid because of their status of matriculation.

Regarding whether this program should be centralized or not and how eligibility should be determined, I am not yet convinced that we know the answer. Therefore, I would suggest that this matter be given further analysis by the staff of the Regents with the advice of financial aid officers.

Chancellor's Recommendation

> **That the Board of Regents endorse the expansion of the Part-Time Student Grant Program for eligible needy students. Further, the Regents direct the Chancellor to review whether or not the program should be centrally administered, and to develop a methodology for determining eligibility. Finally, the Regents request that the Chancellor report back by the April 1988 meeting on his findings and recommendations.**

Task Force Recommendation

> **The Board of Regents should establish a monitoring and evaluation committee to work with federal and state social service agencies and the state Attorney General to ensure that receipt of student aid does not reduce the benefits that individuals are eligible to receive from other assistance programs, including AFDC, Medicaid, and Food Stamps.**

I agree with the Task Force that receipt of student aid should not reduce the benefits that these individuals may be eligible for under other state and federal assistance programs. However, with existence of the Regents' Financial Aid Advisory Committee, I do not believe a new committee established by the Regents is necessary to achieve this end. The Chancellor should be required to work with the Legislature and members of the Governor's Office on Educational Affairs and to report to the Regents on his progress to achieve these goals. The Chancellor should also collect information from students who are currently receiving these benefits to determine the range of problems affecting their eligibility for other social welfare programs.

I believe this recommendation is extremely important because these types of reductions serve as an additional barrier to access for AFDC recipients. Too often they are made to choose between food, clothing, and housing for their children and education for themselves. It is no small wonder, therefore, that 500 AFDC recipients who applied for the General Scholarship Program chose not to enroll. The presidents, financial aid community, and students consistently identify this as a major problem for access; one that we must resolve.

Chancellor's Recommendation

> **That the Board of Regents directs the Chancellor to work with appropriate state officials to attempt to ensure that receipt of student aid does not reduce the benefits that individuals are eligible to receive from other state and federal assistance programs. Every effort should be taken to address and resolve this problem in an expeditious manner.**

Task Force Recommendation

> **The General Scholarship Program should be funded by the time of year when students begin to apply for awards. This pattern of funding would allow students, families, and financial aid officers to know with certainty how much assistance applicants are eligible to receive.**

The lack of a truly forward funding Scholarship Program in this state is consistently recognized as a major problem for financial aid officers, parents, and students. The Task Force, along with commentary from the financial aid community have noted the importance of knowing with certainty how much aid an applicant is eligible to receive at the time of the year when students apply for awards. Under the current state budget process, the final appropriation for the Scholarship Program is undetermined at the time when students need to know their actual awards. This process requires financial aid officers to estimate and then possibly readjust awards when the final Scholarship appropriation is determined. Students and parents need to plan in advance for college expenses, and a readjustment in their award may cause both confusion and, in some cases, financial hardship.

Although I am supportive of this recommendation in theory and spirit, I am keenly aware of the fiscal realities and political problem it presents. Essentially, this would require funding the student aid budget a year in advance and thus, in the first year of implementation, at least a double appropriation for this item. I therefore believe that although forward funding of the General Scholarship Program should be sought, we should also concurrently work with the Legislature and the Governor to develop other strategies to achieve the goal of early notification and the benefits that flow from it.

Chancellor's Recommendation

> **That the Board of Regents endorses the concept that students, families, and financial aid officers should know at the time of student application for a scholarship the amount of award for which the student is eligible. Therefore, the Regents request that the Chancellor work with appropriate state officials to develop a timely appropriation cycle for financial aid to achieve this end.**

Task Force Recommendation

> **All the existing support services programs administered by the Board of Regents should be consolidated under the umbrella of a single unified Ronald McNair Program. The Board of Regents should develop a plan for more effectively using the McNair Program to increase the participation and retention of disadvantaged students in higher education. One aspect of this plan should be a consideration of how to provide adequate personnel levels to ensure the effective delivery of support services.**

I agree fully with this recommendation. Earlier this year I convened a large group of individuals from our public colleges and universities who have responsibility of administering academic support programs for underprepared students from disadvantaged backgrounds. The purpose of this meeting was to discuss with a national expert how we could better provide support services to reduce student attrition caused by poor academic performance.

The group's recommendation was essentially the same as the Task force. If we are to improve graduation rates of students from educationally and economically disadvantaged backgrounds, then we must remove many of the social and cultural barriers these students face by providing support services for tutoring, educational guidance, and counseling. Although such support mechanisms are available under the current McNair Programs, the coordination and accountability of these programs is extremely loose. Although I do not favor a centrally administered structure like the type that operate in most Northeastern states, I join my colleagues in recognizing the need for the establishment of central guidelines, information exchange, and data collection.

Chancellor's Recommendation

> That the Regents authorize and direct the Chancellor to take the necessary actions to consolidate all existing support service programs administered by the Board of Regents into a single unified McNair Program. Further, the Chancellor is directed to convene an appropriately composed advisory group to assist him in the development of a long-term plan and guidelines on how such a program should operate and report back to the Board with its specific recommendations no later than the June meeting of the Regents.

Task Force Recommendation

> **The state should experiment with a formula that would link funding for support services through the McNair Program with the level and distribution of funds in the General Scholarship Program. Such a formula would help encourage institutions to recruit and retain disadvantaged students. Guidelines should be developed to ensure the effective use of these funds in providing needed support services for disadvantaged students.**

Although I agree that a formula should be developed for the distribution of funds under the revised McNair Program, I share the concern expressed by several reviewers that linking the funding purely to the level and distribution of funds in the General Scholarship Program puts too much emphasis on quantity of students rather than the quality of the programs. I therefore believe that this matter should be reviewed by the group described in the above recommendation.

Chancellor's Recommendation

> **That the Board of Regents authorizes and directs the Chancellor to study and recommend by no later than the June, 1988 Board meeting a funding policy for the McNair Program which takes into consideration the number of students served, the quality of the program servicing them, and a possible linkage in the funding between the McNair and General Scholarship Programs.**

Task Force Recommendation

> **Additional efforts should be undertaken to increase the interaction between high schools and colleges and universities within the Commonwealth. The Board of Regents in conjunction with the State Department of Education should develop a plan for strengthening the School/College Collaborative Program as well as the Educational Opportunity Program to increase the interaction between high schools and colleges and universities. In addition, the Harter Scholarship Program, which identifies and provides financial assistance to talented but economically disadvantaged high school students, should be expanded.**

I concur that there is a need to strengthen the School/College Collaborative Program as well as the Educational Opportunity Program to increase the interaction between high schools and colleges and universities. Currently, we are working with the Commissioner of Education and the Board of Education to strengthen the School/College Collaborative Program as it relates to the training of teachers under the new guidelines for teacher preparation. Although this recommendation may require additional allocation of funds to this effort, I agree that the Commissioner and I should work to increase the interaction of the schools within our respective sectors of education. Also I concur that the Harter Program should be expanded.

Chancellor's Recommendation

> **That the Board of Regents authorizes and directs the Chancellor to work with the Commissioner of Education to strengthen the School/College Collaborative Program, the Educational Opportunity Program, and the Harter Scholarship Program.**

Chancellor's Recommendation

> **That the Board of Regents endorses the concept that the maximum award in the General Scholarship Program for the neediest students attending public sector institutions should equal at least 100 percent of their tuition and mandatory fee charges, and authorizes and directs the Chancellor to take the appropriate steps to implement this policy. That the Regents also endorse the related policy goal that any future increase in the public sector tuition and fees should be matched by increases in the maximum award, so that over time, needy students would face no increase in the net price of tuition and fees minus aid.**

Task Force Recommendation

> **The amount of General Scholarship award for state residents attending out-of-state institutions should not exceed the maximum award for students attending public sector institutions within Massachusetts.**

I support this recommendation. Presently, it is possible for Massachusetts residents who attend eligible out-of-state institutions to receive financial aid through the General Scholarship program. Since the amount of aid these students receive is linked to the tuition they are charged at out-of-state institutions, they may, in some cases, receive more aid than residents who attend in-state institutions. I concur with those who question whether this is good public policy and agree with the Task Force that the maximum award for such students should be no more than the maximum award available to attend the public sector in Massachusetts.

Chancellor's Recommendation

> **That the Board of Regents concurs with the Task Force recommendation that the amount of General Scholarship award for state residents attending out-of-state institutions should not exceed the maximum award for students attending public sector institutions within Massachusetts. Further, the Regents authorize and direct the Chancellor to take the necessary steps to implement this policy within existing terms of reciprocal agreements between the states and protecting the award levels of students currently enrolled in out-of-state institutions.**

Task Force Recommendation

> **The maximum award in the General Scholarship Program for needy Massachusetts residents attending independent sector institutions should not exceed the net costs to the state of educating a student in the public sector. The net cost to the state should be defined as any state appropriations that reasonably can be attributed to public sector education less tuition paid, divided by the number of full-time-equivalent students in the public sector. In addition, there should also be a continuation of the current policy in which the maximum award may not exceed a percentage of average tuition and fees for different categories of colleges and universities.**

I concur with this recommendation. It is a generally accepted principle in Massachusetts and all other industrial states that the education received by state residents who graduate from college indirectly benefits the state and all of its residents. Therefore, the states have accepted the responsibility of aiding needy students to meet the cost of their education regardless of whether they choose to attend a public or independent institution of higher education.

Presently, there is no policy framework in Massachusetts for determining the maximum award for students attending independent institutions. I believe that such a policy is necessary and should be related to the cost of providirg an education in the public sector and to the size of tuitions in the independent sector. More specifically, I agree with the Task Force's recommendation that needy Massachusetts residents attending independent colleges should receive financial aid awards from the General Scholarship Progam not to exceed the net costs to the state of educating a student in the public sector.

A number of commenters have questioned whether the adoption of this policy would cause a shift in the current dollars awarded under the General Scholarship Program from the public to the independent sector. Some commenters, including some public college presidents and students, have also suggested that the rate of growth in dollars awarded to Massachusetts residents attending independent institutions shoud be slowed or even decreased from current levels. The Task Force, recognizing the importance of maintaining the existing balance in funding between the two sectors, stipulated that the guiding pinciple should be that dollars not move between the sectors unless needy students shift from one sector to another. I strongly support this principle and concur with the guidance provided by theTask Force to ensure an equitable distribution of funds as we move to implement this recommendaion.

Chancellor's Recommendation

> **That the Board of Regents believes the maximum General Scholarship award for needy Massachusetts esidents attending independent sector institutions should not exceed the net costs tothe state of educating a student in the public sector. For the purpose of this policy the net cost to the state should be defined as described in the Task Force Report. In addition, the Board of Regents concurs with the Task Force's recommendaion that there should also be a continuation of the current policy in which the saximum award for students attending independent sector institutions may not aceed a percentage of average tuition and fees for different categories of colleges nd universities. The Board of Regents authorizes and directs the Chancellor to tak the appropriate steps to implement this policy.**

Task Force Recommendation

> **The current Board o Regents tuition policy should be reviewed and modified to include a minimum ercentage of instructional costs to be met through tuition. Any tuition policy change should be phased in over a period of several years to minimize disruption for students and institutions. Year-to-year changes in tuition should reflect a realistic assessment of the increased burden that students and families can managein light of changes in family income and the availability of financial aid.**

> **In recognition of th special role of Community Colleges in extending higher education opportunities to those who might not otherwise attend college, the tuition at those campuses should be maintained at a lower minimum proportion of costs than applies elsewhere in the system.**

> **To implement the recommendations in this section for linking costs, tuitions, and student aid, the Board of Regents should undertake a study of the proportion of public sector costs that should reasonably be met through tuition. Consideration should also be given to the appropriate maximum award levels in the General Scholarship program in light of the findings of this study. The study should also review what other states have done in developing policies that define the relationship between tuitions and state funding in the public sector, with a consideration of whether public institutions in Massachusetts should in the future be allowed to retain part or all of their tuition revenues.**

While I am essentially in agreement with the Task Force conclusion that students should bear a minimum percentage of their educational costs through tuition, and that this minimum percentage should be lower at the community colleges than elsewhere in the system, I also believe that the matter requires further study. The Task Force has provided the impetus and direction for future policy discussion on tuition. We must begin to reform our current system of tuition and fees to move away from an *ad hoc* set of annual tuition and fee decisions and develop a rational policy based on costs.

The Council of Public College Presidents has expressed serious reservations about various aspects of the cost approach to tuition recommended by the Task Force. In light of these concerns, I believe that the Board of Regents should undertake a review of its existing tuition policy in view of the Task Force's recommendations to link costs, tuitions and student aid. This study should be circulated widely for comment prior to consideration by the Board. At this time, I believe that these issues raised by the Task Force are best left to be considered within the context of a more complete study.

Chancellor's Recommendation

> **That the Board of Regents authorizes and directs the Chancellor to conduct a study on the linking of costs, tuitions and student aid. This study should be consistent with the recommendations for financial aid in the Task Force's report and should also consider what other states have done in developing effective policies in this area. In addition, this study should seriously examine the issue of tuition retention for public institutions. Furthermore, the Chancellor is directed to circulate said report widely for comment and report back to the Regents on or before its May meeting with his recommendations regarding tuition policy.**

Task Force Recommendation

> **The state should establish a program that would serve to encourage parents to save more for their children's education. Such a plan might include either or both a savings incentive program and a tuition prepayment component. Any plan that the Commonwealth adopts should complement, and not compete with, the state's student financial aid efforts. It should not be considered a part of the financial aid system, and should not reduce the amount of state appropriations available for financial aid. In short, creation of a savings or tuition guarantee plan should not result in a diversion of state resources away from student aid.**

I concur with this recommendation. For several months now the design of a savings incentive program through tuition prepayment has been under study by the Governor's Office with the assistance of Board of Regents' staff and individual members of the Task Force. The Governor recently announced this new and innovative plan to help relieve the burden of middle income families in paying for college. While I believe a state plan to increase the ability of families to save for higher education is necessary and important, I also agree with the Task Force that any plan adopted by the Commonwealth should complement, and not compete with, the state's student aid efforts. I believe the Governor's plan meets the standards described in the Task Force's recommendation.

Chancellor's Recommendation

That the Regents support the Governor's proposal for a tuition savings plan.

Task Force Recommendation

The Board of Regents, in cooperation with the Executive Offices of Economic Affairs and Human Services, and other appropriate agencies, should periodically examine labor force conditions and educational opportunities in various fields to determine whether a need might exist for special programs in particular courses of study. In making these assessments, state officials should be cognizant of the difficulties entailed in developing labor force projections. Existing state student aid programs that were created to meet labor force needs should be reviewed periodically to assess whether they are still needed in light of changing labor force conditions. All of these programs and any future programs that are established should contain systematic review and sunset provisions so that aid is not provided when the labor force need no longer exists.

I concur with this recommendation. Periodically, the state creates student aid programs designed to meet labor force needs. These programs have for the most part been effective in attracting students to study in various professions. The problem is that once these programs have been created, it is very difficult to change or eliminate them, even if the need for educating such professionals has diminished. I believe that each of these programs should be periodically reviewed to see whether it continues to address a particular labor force need.

Chancellor's Recommendation

The Board of Regents authorizes and directs the Chancellor to periodically examine labor force conditions and educational opportunities in various fields to determine whether a need might exist for special aid programs. All such existing programs and future programs that are established should contain systematic review and sunset provisions so that aid is not provided when the labor force need no longer exists.

Task Force Recommendation

The Graduate Grant program should be expanded into a single need-based financial aid program for graduate and professional students. Priority for providing assistance under this program should be directed to graduate and professional students in designated fields of study. Existing state programs that provide aid to graduate and professional students should be consolidated into the expanded Graduate Grant program. As part of the state campus-based assistance programs, work-study funds should be made available to graduate and professional school students for the purpose of allowing them to work during the summer or other internship periods in positions related to their field of study.

I concur with this recommendation. Graduate and professional education is an area of special importance to the Commonwealth because of our economy's heavy reliance on knowledge-based industries. Therefore, a single graduate aid program for needy students in fields of study which the state considers to be a priority should be developed.

Chancellor's Recommendation

> **That the Board of Regents concurs with the Task Force that the Graduate Grant program should be expanded into a single need-based financial aid program for graduate and professional students with priority being given to providing assistance to graduate and professional students in designated fields of study. The Regents further authorize and direct the Chancellor to take the appropriate steps to implement this recommendation.**

Task Force Recommendations

> **The Board of Regents should establish a committee to review existing contract agreements to determine whether they continue to be the most appropriate means for implementing state policies in specific labor fields. These contract programs include the Engineering Collaborative Program, New England Board of Higher Education agreements, the Graduate Nursing Stipend Program, and the University of Massachusetts Medical Student agreements.**

Although I agree with the Task Force that we need to review existing contract agreements to determine whether they continue to be the best means for addressing the Commonwealth's present and future labor force needs, I do not believe a special committee is required to accomplish this. The Administration and Finance Committee of the Regents has long been aware of the need for such evaluations. However, each of the programs has its own unique history and require special consideration. The Regents' committee should continue to annually review these programs during the budget review process and make appropriate recommendations through the budget.

Chancellor's Recommendation

> **That the Board of Regents requests that the Administration and Finance Committee of the Regents give this matter further consideration.**

Task Force Recommendation

> **To accomplish the recommendations of the Joint Task Force on Teacher Preparation, the existing Christa McAuliffe Program should be expanded to include graduate students.**

I fully concur with this recommendation and I find it consistent with those made by the Joint Task Force on Teacher Preparation. That Task Force noted that it was essential if we are to require a masters degree for permanent certification, that we provide financial aid to prospective teachers who were pursuing graduate studies.

Chancellor's Recommendation

> **That the Board of Regents authorizes and directs the Chancellor to take the necessary steps to expand the existing Christa McAuliffe Program to include graduate students.**

Task Force Recommendation

> **The various tuition waivers that now exist in the public sector should be consolidated into a single tuition waiver program for the public sector institutions. A policy statement and guidelines should be developed to ensure that resources used for tuition waivers will be targeted on needy students and designated student groups. In no case should a tuition waiver in combination with other forms of state and federal grant assistance exceed a student's need.**

I am very supportive of this recommendation. Presently, there are more than a dozen tuition waiver programs or provisions representing over $13 million in foregone tuition revenue in Fiscal 1988. I believe that better accountability and focus can be achieved if these various waivers were consolidated into one program.

Chancellor's Recommendation

> **That the Board of Regents authorizes and directs the Chancellor to take all appropriate steps to ensure that the various tuition waiver programs that now exist be consolidated into a single tuition waiver program for the public sector institutions. Further, the Board directs the Chancellor to develop with the advice of the public college financial aid directors a policy statement and guidelines to ensure that resources used for tuition waivers are primarily targeted on needy students.**

Task Force Recommendation

> **The Consortium Scholarship Program should be consolidated with the Gilbert Matching Scholarship Grant Program, with the current funding for the Consortium program folded into the state allocation for the Gilbert program.**

I concur with this recommendation. Currently, two programs, the Gilbert Matching Scholarship Grant and the Consortium Scholarship, distribute state funds directly to independent colleges and universities for student financial aid. These programs, while different in structure and their requirements for eligibility, serve essentially the same student population. If the Consortium Scholarship Program was consolidated within the Gilbert Matching Grant Program, I agree with the Task Force that a greater number of needy students at independent colleges may be served.

Chancellor's Recommendation

> **That the Board of Regents authorize and direct the Chancellor to take the necessary steps to consolidate the Consortium Scholarship program with the Gilbert Matching Scholarship Grant Program.**

Task Force Recommendation

> **The various state programs that currently provide student aid funds through institutions should be consolidated into a single Regents Grant for Campus-Based Assistance Program. Educational institutions would receive a single allocation from the Board of Regents to provide grant, work-study, or loan assistance to needy eligible students. Guidelines should be developed to ensure that eligible student groups including part-time students, adult learners, and graduate students receive a reasonable percentage of the funds provided to each institution. The Board of Regents should carefully monitor spending at participating campuses to ensure that the Commonwealth's commitment to needy students continues to be met.**

I concur with the Task Force on this recommendation. Several commenters, especially the financial aid community, have stressed the importance of having financial aid resources available on campus and the need for flexibility in awarding campus-based aid to needy students. I believe that, while the mainstay of our financial aid efforts should be a centrally administered General Scholarship Program, we must also be able to ensure access for students whose need might not be fully met by a centralized process. I agree with the Task Force that campus financial aid officers should have greater flexibility to use the financial aid resources that they are allocated by the Regents and that the consolidation recommendations in the report would improve access if the proper guidelines are developed.

Chancellor's Recommendation

> **That the Board of Regents endorses the consolidation of student aid funds currently provided at the institutional level into a single Regents' Grant for Campus-Based Assistance Program. Further, to ensure that participating institutions continue to meet the original intent of these individual programs and target aid on the basis of need, the Regents authorize and direct the Chancellor to work with financial aid officers to develop reasonable guidelines which meet the criteria set forth in the Task Force report. The Regents direct the Chancellor to make such guidelines available to fully implement this recommendation no later than the Fall of 1988.**

Task Force Recommendation

> **The various programs that provide a full scholarship to the children of public servants killed in the line of duty should be consolidated into one program.**

I am extremely supportive of the Task Force's recommendation to streamline the Commonwealth's student financial aid system. In this regard, it is critical to consolidate programs to ensure program efficiency and to provide better access for families and students. I believe that any proposed consolidation must be carefully evaluated to make certain that eligibility of deserving students is not altered.

Chancellor's Recommendation

> **The Board of Regents supports the Task Force consolidation effort and thus authorizes and directs the Chancellor to work with appropriate officials to carry out the proposed consolidation of the two scholarship programs for public servants killed in the line of duty.**

Task Force Recommendation

> **The two state programs that provide merit-based awards -- Commonwealth Scholar and Honor Scholarships -- should be combined. In addition, a need-based component should be introduced so that students would continue to qualify on the basis of merit but the amount they receive would be based on financial need.**

Fundamentally, I believe that all student financial aid programs should be need-based. However, I also recognize the desire to reward our best and brightest students for their high school academic achievement and to provide some incentive for them to pursue their higher education at an institution within the Commonwealth. I agree with the Task Force that a single program should exist to serve this public purpose.

Several commenters raised questions regarding the introduction of a need-based component to the existing merit programs. It also seems clear that the legislative intent in creating these programs was to provide Commonwealth Scholarships and Honor Scholarships for academic performance regardless of the student's need. However, I am intrigued by the Task Force's recommendation that a student who qualifies for these programs should continue to receive a flat award based upon merit, and possibly an additional award adjusted and indexed to the recipient's need.

Chancellor's Recommendation

> **That the Board of Regents endorses the consolidation of the Commonwealth Scholar Program and Honor Scholarship Program into a single merit-based program for the Commonwealth. Further, the Board authorizes and directs the Chancellor to work with the Commissioner of Education and the Governor's Office on Educational Affairs to take the steps necessary to combine these programs without affecting the awards of current recipients, and for this action to occur no later than the beginning of the 1989-90 academic year. The Board further authorizes the Chancellor to study the feasibility of adding a need-based component to this program, taking into account the intent of the Task Force recommendation.**

Task Force Recommendation

> **The Board of Regents should increase the resources it devotes to data collection and analysis of enrollment trends and student aid programs. Particular emphasis should be placed on determining the demographic and socioeconomic characteristics of students and student aid recipients in Massachusetts, particularly those who are state residents. It would also be helpful to analyze the enrollment patterns of state high school graduates by the various factors mentioned above. Results of these analyses should be published promptly.**

I fully support the recommendation of the Task Force to increase the resources devoted to data collection and analysis of enrollment trends and student aid programs. Evaluation of the public policy framework outlined in the Task Force report is incumbent upon quality data analysis. During recent months, the Board of Regents has escalated a major effort in the area of research and development, data collection and analysis. I am fully committed to an expansion of this important effort to ensure that the Commonwealth's financial aid program truly responds to the needs of its residents. I am, however, sensitive to the additional burden this recommendation may place on campus officials, and accordingly, will work with my staff to develop the most effective analytical tools to reduce this burden.

Chancellor's Recommendation

> **The Board of Regents endorses the need for increased student aid data collection and analysis, and authorizes and directs the Chancellor to work with appropriate staff and campus officials to develop the most effective analytical tools to evaluate the Commonwealth's role in the financing of higher education. The product of this research will be shared with the Board of Regents on at least an annual basis.**

FINAL COMMENT

The report of the Task Force on Student financial Aid and my accompanying recommendation provide a long-term policy foundation for the Commonwealth's financial aid effort. As you are aware, this initiative is critical because, unlike other states, the Commonwealth has no policy framework governing the distribution of financial aid dollars. This policy was specifically designed to provide a sound framework to utilize the current and future resources available for financial aid more effectively.

The primary initiatives outlined in these recommendations focus on expansion and consolidation of the existing programs and, therefore, although new dollars may be required, base funding for these programs already exists. Any additional resources that are made available to fully implement the preceding recommendations woud, of course, come before the Regents and the Legislature for consideration through the annual budget process. I should also add that the creation of any new policy inevitably causes some degree of administrative burden on those who must carry out the policy changes. Thus, a priority in the development of our future campus budgets should recognize this additional responsibility.

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